AFRICA RECOVERY

Vol. 6 No. 1 April 1992

UN

*Uphill battle for commodity producers: prices continue to plunge and, in real terms, are now at virtually half their 1979-81 levels.*

# Commodity prices deal blow to Africa

By Roy Laishley

Commodity markets have opened disastrously for Africa in 1992. After plunging in 1991, many to historic lows in real terms, over half of the 14 commodities monitored by *Africa Recovery* have fallen further in at least two of the first three months of this year. Commodity markets are expected to remain depressed, commodity analysts say, with prices for most of the continent's major export earners expected to show little or no upward movement.

This has serious and immediate implications for African recovery efforts. "For the same income, Africans have to double or triple the volume of their exports," argues Mr. Gebray Berhane, Secretary-General of the African, Caribbean and Pacific group of signatories to the Lomé Convention with the European Community. Another year of depressed prices will add fuel to mounting concern in Africa that strategies to increase production in traditional commodities are misplaced and that greater priority should be given to diversification efforts.

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Africa feels shockwaves of Soviet Union break-up
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Mounting supplies of many commodities are adding to the problem of markets which have already been thrown into turmoil by the steep fall in demand in the former Soviet Union, a major commodity importer and exporter. According to the General Agreement on Tariffs and Trade (GATT), import volumes by the former Soviet Union fell by some 40 per cent in 1991, with most analysts predicting little or no pick-up this year. The confidence of commodity buyers is being hit further by the protracted nature of the economic downturn in industrialized countries, although growth should accelerate in 1993, most projections show.

Last year, non-oil commodity prices fell to their lowest level since 1987, according to the International Monetary Fund (IMF). With oil prices also down, African export earnings fell 3.5 per cent in 1991, GATT estimates. With the IMF revising downwards its projections for economic growth this year, the World Bank has also lowered its forecast for real commodity prices in 1992. This will be the fifth consecutive year in which they have fallen. In real terms, commodity prices are now

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# Africa presses for its priorities to be put on the global environment agenda

By Ernest Harsch

African countries are pushing to ensure that their concerns about desertification, poverty and other development problems facing the continent are given greater priority at the much-anticipated "Earth Summit" in Rio de Janeiro this June.

In the negotiations leading up to the UN Conference on Environment and Development (UNCED), African representatives have been arguing forcefully that the continent's specific concerns should not be overlooked amid all the attention devoted to more global environmental problems such as climate change and ozone depletion.

"For the majority of African countries daily confronted by the problems of thirst and hunger," says Burkina Faso's Minister of Environment and Tourism Mihyemba Ouali, "the struggle against environmental degradation is a struggle for survival. For us, the problem of environmental protection is a problem of development, a problem of the sustainable management of natural resources."

Similar themes were emphasized by many of

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# Drought devastates Southern Africa

*Millions more in the Horn still threatened by famine*

By Ernest Harsch

Southern Africa is currently in the grip of its worst drought since the beginning of the century, withering crops and threatening lives throughout the region.

This new crisis adds another dramatic element to the continent's already severe famine situation. In the Horn of Africa region, especially in Ethiopia, Somalia and Sudan, at least 23 million people are in urgent need of emergency food aid, as continuing warfare compounds the impact of drought conditions. In January, UN Secretary-General Boutros Boutros-Ghali issued an international appeal for $620 mn in emergency assistance to the Horn. The UN has also been urging a cease-fire in Somalia to permit the delivery of food aid (see box). Leaders of countries in the region, except Somalia, met in Addis Ababa on 8-9 April to coordinate emergency measures.

The scope of the latest problem in Southern Africa — which could hit already difficult economic reform programmes — became apparent only over the first months of the year, as hot, dry weather brought down projections for the April-May harvests. According to the most recent estimates of the UN Food and Agriculture Organization (FAO), the region's total food import needs could exceed 8 mn tonnes of grain over the coming year, four times more than normal (see table on page 29).

Although a portion of this will come through commercial purchases, the limited financial capacities of most countries will oblige them to appeal to donors for additional food aid — at a time when traditional sources of aid are already stretched by commitments to other regions.

South Africa and Zimbabwe, normally Southern Africa's largest grain exporters, have been hardest hit by the drought, but large parts of Botswana, Mozambique, Lesotho and Zambia are also "disaster areas," according to the Southern African Research and Documentation Centre (SARDC) in Harare. "Millions face near starvation, thousands of cattle have died, industries may have to close and already fragile economies could be severely damaged," warns the Centre.

In South Africa, low rainfall in late 1991 and early 1992 severely affected most maize growing areas, and many irrigation dams are at less than half their normal levels. The private relief organization Operation Hunger warns that thousands of South Africans in the more isolated and barren regions of the country could starve if food does not get to them in time. The FAO estimates that South Africa will need some 4 mn tonnes of grain imports, the bulk of which will be supplied through commercial imports, although the South African Maize Board believes total imports may rise to 5 mn tonnes.

These figures do not take into account South Africa's usual export commitments. Although some maize has already been shipped to Zambia and Zimbabwe, the FAO estimates that South Africa will have no maize for export until 1993.

Zimbabwe's maize harvest will be the worst in many years, with the official Grain Marketing Board estimating that it will be able to purchase from farmers only 250,000 tonnes, one-fourth of a normal year's collection. The country's maize stocks were already low, following a poor harvest in 1991. The FAO estimates that Zimbabwe will have to import more than 1 mn tonnes of maize, plus another 250,000 tonnes of wheat and rice, although some Zimbabwean officials believe the total grain import figure may rise to more than 2 mn tonnes through April 1993. How much of this Zimbabwe can import commercially is not yet clear, but the FAO foresees the need for "substantial additional donor assistance" to avert widespread malnutrition. Some 2 million Zimbabweans have already become eligible for emergency assistance under the government's drought relief programme.

Mozambique had already appealed for food aid for close to 8 million people affected by years of warfare and natural disasters. With

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UNHCR/Betty Press

*Somali refugees in Kenya.*

## Somalia crisis challenges UN

Seeking to avert massive starvation in war-torn Somalia, the UN and African and Arab regional organizations are stepping up efforts to arrange an effective cease-fire to permit the provision of emergency relief aid. Fighting continues between rival factions in Mogadishu — where hundreds of thousands are threatened by famine — while the rest of the country also remains politically fragmented, with each region dominated by a different, clan-based military group. The ferocity of the combat in Mogadishu has forced many international relief workers out of the city, while ships attempting to unload food have been shelled.

Noting that the "extraordinarily complex" situation in Somalia had "so far eluded conventional solutions," UN Secretary-General Boutros Boutros-Ghali urged "new avenues and innovative methods" in a March report to the UN Security Council. The report suggested possibly providing food to armed groups, if necessary, to facilitate a broader relief operation. Under Secretary-General James Jonah, who is directing the UN mediation efforts, has also urged that food be delivered to the population even if no cease-fire takes effect. The UN had earlier come under criticism in the media and from non-governmental relief agencies and some African leaders that it was not being energetic enough in efforts to resolve the Somalia crisis. At the Security Council's request, a team of technical experts from the UN, Organization of African Unity, Arab League and Islamic Conference Organization visited Somalia in late March to discuss relief operations and to prepare for the possible dispatch of a UN cease-fire monitoring force.



READEX
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# Chiluba sets Zambia on new course

*New president says deeper debt relief crucial to democracy*

By Rob Wright in Washington

Zambia's new President, Frederick Chiluba has acted quickly to set the country on a new political and economic path. After winning a landslide victory in general elections in October 1991, his government has removed food subsidies, devalued the kwacha, opened trade links with South Africa and produced a package of incentives designed to stimulate the private sector, which President Chiluba stresses must be at the centre of Zambia's recovery drive.

"I am struggling very, very hard, but with a lot of determination to turn things around," President Chiluba told *Africa Recovery* during a February visit to Washington. But he concedes that his government's reforms, many of which have been demanded by donors as a condition for renewing aid flows, will mean "a lot of hardship." The decision to cut 90 per cent of maize meal subsidies — a move resisted by former President Kenneth Kaunda in the run-up to the elections — a 23 per cent devaluation of the kwacha and privatization plans will raise living costs and hit job prospects.

The legitimacy given to the new Movement for Multiparty Democracy government by the election victory in October has allowed it to press through the harsh economic measures without provoking the riots that plagued former President Kaunda's government. But President Chiluba, who before his election headed the country's trade union movement for 15 years — and who was jailed for four months in 1981 for opposition activities — is well aware that his government must deliver on the election promises of a better future. There have to be "social trade-offs in improved education and health care to compensate for the economic reforms," he told *Africa Recovery* and donors must help to pay for these. "Having been run down, we now desperately need the world's help," he says, going on to warn that "if our people don't see a better standard of living, they will think democracy isn't a better alternative."

Jane Poole

*"If our people don't see a better standard of living, they will think democracy isn't a better alternative," says President Frederick Chiluba.*

A key demand is for debt relief. "Zambia has taken bold and courageous measures which will yield little or no results if the debt burden is not eased and is allowed to swallow large external resources," President Chiluba argues.

Donors have answered his call in part, pledging over $400 mn to meet Zambia's $1.4 bn financing gap for 1992 at a 23-24 March meeting in Paris. Donors were urged to make "extraordinary" efforts to help meet exceptional costs of some $300 mn arising from widespread drought this year. The World Bank is expecting to increase disbursements this year by an extra $100 mn to $240 mn. Bank lending had previously been blocked by accumulated arrears of some $50 mn, which the government paid off at the end of January with help from donors. The Bank is also moving ahead with plans to finance rehabilitation of the primary health and education systems, private sector development and sale of state-owned enterprises.

The list reflects President Chiluba's priorities. He warns that "there will be no exceptions" from his government's privatization drive, not even Zambia Consolidated Copper Mines (ZCCM), which accounts for over 90 per cent of Zambia's export earnings. "The government ran the economy from 6 a.m. until they went to bed at night," he

*Rob Wright is senior editor of* World Bank Watch, *based in Washington.*

## Zambia opens South Africa trade links

By Alfred Sayila in Lusaka

**Trade between Zambia and South Africa is on the increase following the decision by the new government of President Frederick Chiluba to officially re-open trade links. While there have long been business relations between the two countries, recent months have seen a proliferation in the traffic of goods and entrepreneurs.**

**Already ZCCM has opened offices in Johannesburg in order to enhance its marketing programme with South Africa. A wide range of consumer goods — food, drugs, vehicles and industrial products — are entering the Zambian market from South Africa. Previously, trade restrictions by the government of former President Kenneth Kaunda had limited official trade, at least, to the import of mining equipment and foodstuffs. Unofficially, a wide variety of South African products had found their way onto the Zambian market.**

**Long before the October elections, Zambia's business community had called for the opening of trade with South Africa, arguing that political concerns over apartheid should not interfere with the economic interests of the country. In early 1991, for example, the Lusaka Chamber of Commerce voiced its concern over delay in efforts to try and penetrate the South African market when other states in the region were already making inroads.**

**Given the country's limited export base at present, Zambian business leaders concede that, at least initially, the traffic in goods is likely to be largely one way. The South African Trade Organization (SATO) — the government-sponsored trade promotion body — is already reportedly working on measures to increase exports**

argues. His government's end-January budget has tried to introduce new incentives for the private sector, particularly for production of non-traditional exports.

President Chiluba vows that the government will refrain from further borrowing from the central bank this year. This, by reducing the demand for credit, should help to bring inflation down from its current 118 per cent to a "manageable" 45 per cent and help ease the impact of other reforms on living costs, he argues.

For the social sectors, the budget provides for rehabilitation of primary schools in the poorest rural and urban areas and for more spending on primary health care, particularly for maternal health care and to combat AIDS.

Savings on subsidies will help pay for some of this increased spending. But part will also have to come from the introduction of user fees in some areas, particularly for secondary and higher education. And much will have to come from donors, who have shown themselves willing to help.

On debt, however, President Chiluba can expect to be disappointed. At the centre of his visit to the US, and prior, to the UK, was a call for a debt write-off. Zambia can expect to get diluted 'Trinidad' terms in a Paris Club deal later this year, officials say. Even full 'Trinidad' terms do not go far enough for countries as devastated as Zambia, President Chiluba argues. But in the present climate his plea stands no chance of being accepted, despite all the reforms his government is undertaking. ■

to neighbouring countries that should see a 20 per cent rise in direct business dealings.

The influx of South African goods into Zambia already poses a threat to local producers. But Zambian business leaders stress the longer-term prospects of trade with South Africa. They also point to the possibility of South Africa as a source of much-needed capital, not only for the mining sector, but for the development of the agriculture and tourism sectors as well.

During a February visit to South Africa, Zambia's Local Government & Housing Minister Michael Sata signed a memorandum of understanding with the South African firm, Murray and Roberts, securing its participation in a large-scale housing programme planned by the government; and another memorandum has been signed with the South African banking and finance group, Investec.

President Chiluba has been keen on impressing on his colleagues in both the Southern African Development Coordination Conference (SADCC) and the Preferential Trade Area for Eastern and Southern Africa (PTA) the imperative of accepting South Africa as a member of the organizations, though Uganda President Yoweri Museveni warned at the recent PTA summit that trade should continue to be discouraged "until there was matching progress" in South Africa's political system.

The imperatives of trade, however, have already led Angola and Zimbabwe, as well as Zambia, to officially invite South African companies to trade fairs this year. And with both the PTA and SADCC committed to liberalizing trade within their communities, Zambia will not be alone in trying to compete in a market which, given its own considerable problems, may not be as limitless as some seem to believe.

# SADCC, PTA debate economic vision

Differences appear to have emerged over the pace and nature of economic integration between two of Africa's major regional groupings. At the 30-31 January summit of the Preferential Trade Area for Eastern and Southern Africa (PTA), members called for the merger of the 18-member organization with the Southern African Development Coordination Conference (SADCC), as part of an accelerated move to a single integrated common market. Eight of SADCC's ten members are also part of the PTA.

It was "imperative" that the PTA accelerate the pace of integration, outgoing PTA Chairman, Swaziland's King Mswati III said in his keynote address. The PTA proposal specified no time frame, although PTA Secretary-General Bingu Wa Mutharika urged the establishment of a common market "within the shortest time possible."

*SADCC plans to go ahead with a new Southern Africa community, but the PTA has called for a merger of the two bodies.*

At a meeting in Maputo, immediately prior to its 29-31 January annual meeting with donors, SADCC's Council of Ministers endorsed a keynote document, *SADCC: Towards Economic Integration*, which sets out detailed plans for turning the organization from its current loose association, with little impact on the freedom of national decision-making, into an economic community, pursuing common policies in crucial areas such as trade and exchange rates. This vision incorporates a majority-ruled South Africa as a full member of the new community.

Speaking in Maputo before both the SADCC and PTA meetings, SADCC Executive Secretary Simba Makoni said that his organization hoped to fully integrate its member states into a "true Southern African Community," which would entail creating a free trade area and later a common market and a common Southern African currency. Similar goals were also set out for the PTA at its Lusaka summit. The final communique called on the PTA to take the steps required to realize the goal of closer economic integration, including monetary harmonization and an industrial census in 1993 to further an integrated industrial development programme for Eastern and Southern Africa.

SADCC officials — who say they were not consulted on the issue of a merger — admit that as an organization SADCC is now at a crossroads. At the "highest point of integration...it will not be practicable for countries to belong to more than one regional community," says the SADCC document. But initially, SADCC clearly envisages the maintenance of existing organizations. "Belonging to more than one regional organization is not unique to our region; nor is it inherently conflictual," Botswana's then Vice-President Peter Mmusi told the donors' conference. In its final communique, SADCC's Council of Ministers said that, "as far as possible," SADCC's integration strategy should "aim to harmonize with the goals, principles and efforts of other organizations, e.g. SACU [South African Customs Union], the PTA, etc."

But in an interview with

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# Compromise in Cartagena

*UNCTAD VIII acts more on internal reforms than global issues*

By Nii K. Bentsi-Enchill

Three weeks of negotiations at the eighth UN Conference on Trade and Development (UNCTAD VIII) in February highlighted major concerns of African and other developing countries, but resistance from industrialized countries led to few advances in such vital areas as commodities, debt and trade.

Structural reform of UNCTAD itself was high on the agenda, and developing countries argued that it should not result in marginalization of the institution. Nevertheless, reflecting industrialized countries' concern to limit its range of activities, UNCTAD has been streamlined to focus on certain priorities. These include commodities, poverty alleviation, economic cooperation among developing countries, and promotion of competitive services sectors.

The 8-25 February conference confirmed UNCTAD's special role in promoting developing country interests, particularly those of the least developed countries (LDCs). But industrialized countries maintained that major areas, such as debt and trade, should only be handled by "competent fora" such as the World Bank and International Monetary Fund (IMF), and the General Agreement on Tariffs and Trade (GATT). UNCTAD would also be expected to cooperate and consult more with the Bank and the Fund, with non-governmental organizations and with the private sector.

The conference called for a successful conclusion to GATT's Uruguay Round of multilateral trade talks which took the specific needs of developing countries into account. The greatest trade restrictions are imposed on the poorest countries, declared UN Secretary-General Boutros Boutros-Ghali, while Algerian representative Messaoud Ait Chaalal charged that the international community had done nothing serious or effective to help end Africa's economic vulnerability.

Illustrating this general vulnerability, Ivorian representative Koffi Kouamé argued that African countries, under the combined pressures of debt-service payments and a precipitous drop in export earnings, had increased their commodity production. This had in turn contributed to over-supply and a further fall in prices. Stronger international policies were clearly needed to break this vicious cycle, Mr. Kouamé argued.

Various proposals were made on such key issues as debt and commodities. But industrialized countries managed to tone down the ambition and language of conference conclusions.

On debt, Mr. Issa Diallo, acting Executive Secretary of the UN's Economic Commission for Africa, argued that Africa needed cancellation of 80 per cent of its official bilateral debt, as well as massive investment in its productive sectors. He also called for a revival of a ministerial committee on debt set up by UNCTAD VII in 1988.

But the conference ended up praising current debt-relief schemes and suggesting improvements to existing mechanisms. The US had said it could not support calls for a world conference on commercial debt. Insisting that the case-by-case approach was a fundamental principle, US representative Melinda Kimble warned the conference not to promote alternative approaches which might conflict with current efforts in the competent fora to forge an international debt strategy.

Similarly, the bleak prospects for raw material exporters led to calls for a world conference on commodities under UNCTAD auspices. But donor and importing country scepticism about its likely value led to the decision to begin a process of "consultations." Only if the consensus is positive could the next UN General Assembly then be asked to consider sanctioning such a conference.

With the need for commodity sector diversification widely recognized, UNCTAD VIII merely hinted at the possibility of "special facilities" to provide finance. This contrasted to the call for a specific, donor-financed diversification fund proposed by Abbey Kafumbe-Mukasa, Ugandan president of the commodities committee of the African, Caribbean and Pacific group of Lomé Convention signatories.

Nevertheless, the conference called for substantive negotiations towards more effective international commodity agreements, particularly those for cocoa, coffee and timber. Participants stressed that exporting countries needed better access to more stable and more transparent markets, and assistance to reduce their over-dependence on the sector. Better coordination between donors and international institutions was also "essential" in order to avoid conflicting advice to commodity exporters and competing investments which were partly responsible for over-supply in some markets.

Although developing countries continue to criticize the shortcomings of compensatory financing schemes for export revenue shortfalls, the conference merely commended existing schemes and urged governments and institutions to consider improvements and new schemes.

The difficulties of structural adjustment were highlighted when Zimbabwe's finance minster Bernard Chidzero observed that industrialized countries should adjust their own policies and practices which often created insurmountable obstacles for poorer economies. The conference argued that adjustment policies

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UN

*Opening session of UNCTAD VIII, held in Cartagena, Colombia, in February.*

# Modest moves on debt

*Early 1992 deals fall short of African expectations*

By Roy Laishley

Early debt deals for African countries in 1992 have fallen well short of the measures being urged by African countries and some multilateral institutions. For the poorest countries, in particular, the deals are well below the expectations raised by leading Western countries at their economic summit in London in July.

Tanzania's agreement with the Paris Club of Western official bilateral creditors at the end of January confirms the basic package hammered out for Benin and Nicaragua in December of a 50% reduction of debt. This provides some advance on the 'Toronto' terms which had been on offer since 1989, but far less relief than that in the 'Trinidad' proposal as originally formulated by the United Kingdom in 1990. This had proposed a two-thirds reduction on the entire stock of a country's eligible debt.

Present terms being offered are even "inferior to those applied to Poland and Egypt," according to Mr. Percy Mistry, who has written extensively on African debt issues. The US has provided debt cancellation to both countries, but is declining to do so in deals with low-income countries. Instead it is maintaining its offer under the original 'Toronto' terms of spreading repayments over 25 years, with a 14-year grace period.

Analysts argue that other creditors, offering deeper debt relief, are in effect subsidizing a debtor's repayments to the US. Pressure is continuing on the US, therefore, to come into line with the rest of the Paris Club — and also for the Club as a whole to move closer towards the original 'Trinidad' terms. Officials concede, however, that, given the budgetary implications for Washington, nothing is likely to happen until after the US presidential elections in November.

Deals for Cameroon and Morocco have also confirmed that the terms for middle-income countries will continue to reflect the outline agreed at the 1990 Western economic summit in Houston. Both countries have had repayments on their development debts spread over 20 years, with other debts, mostly export credits, to be repaid over 15 years.

Tanzania's deal with the Paris Club has consolidated its debt servicing due between 1 January 1992 and 30 June 1994, including arrears. Creditors, except the US, are expected to exercise one of two options in subsequent bilateral negotiations: an outright cancellation of 50 per cent of eligible debt servicing obligations, with the remainder repaid over 23 years at market rates; or consolidation at concessional rates in order to halve the present value of payments due on non-concessional loans, with repayment over 23 years. A third option available under the new Paris Club terms, a combination of lower interest rates and consolidation of some interest, was not taken up in this case.

Tanzania's deal is only for a limited tranche of eligible debt, but as with Benin it contains a 'goodwill clause' permitting "consideration" of the stock of debt after three years. One official classified the deal as "improved Toronto" rather than "more or less Trinidad."

Officials say it is difficult to calculate the cash savings to Tanzania until the bilateral discussions have been completed. According to the World Bank's latest *World Debt Tables*, payments falling due to official bilateral creditors in 1992 and 1993 were projected to total $777 mn, with another $396 mn due in 1994. Actual savings will be far less than half of this; firstly, because the category includes creditors not covered by the Paris Club, and secondly, because all debts to Paris Club members incurred after June 1986 are not included in the above deal.

At the eighth UN Conference on Trade and Development (UNCTAD) in Cartagena, Columbia, Mr. Issa Diallo acting Executive Secretary of the Economic Commission for Africa repeated calls for an 80 per cent cancellation of Africa's official debt, with remaining debt servicing being made in local currency and spent on development goals. Efforts in Cartagena to get a call for renewed moves towards implementation of the full 'Trinidad terms' foundered on US and Japanese opposition, despite support from the EC, officials say.

For middle-income countries experiencing a sharp fall in per capita income, the World Bank as well as African officials have suggested more concessional relief, closer to 'Toronto terms.' Creditor officials, however, point to the options under the 'Houston' terms permitting various forms of debt swaps as offering an effective way to lower the stock of debt and thereby ease repayment burdens.

UN/Oddbjorn Monsen

*Tanzania's agricultural sector, a priority for funding, would benefit from deeper debt relief.*

**Commercial banks** have agreed a major refinancing deal for Algeria, which defers principal repayments due and provides some $1.5 bn in new bank credits. The deal will ease Algeria's heavy debt servicing burden, which has accounted for 60 per cent or more of export earnings in recent years. Algeria has tried to avoid a formal debt rescheduling which would have considerably narrowed its access to future credits at a time when it is trying to both boost the economy and ameliorate rapidly declining social conditions — a massive house-building programme is planned — in the face of serious political unrest. ■

# Commodity prices down

*from page 1*

at virtually half their 1979-81 average levels. More worrying still is that the Bank foresees no significant upturn, in real terms, until 1995 or beyond.

A number of African countries have managed to boost export revenues through reform efforts which have increased output of new and existing export products. But the depth and extent of the current downturn in prices makes the prospect of increasing returns from this strategy difficult to sustain for more than a limited number of countries. With most commodity prices already showing little promise of a sustained uplift in real terms, the chances of achieving the 6 per cent growth target endorsed by the last UN General Assembly in its New Agenda for the Development of Africa in the 1990s, are greatly diminished.

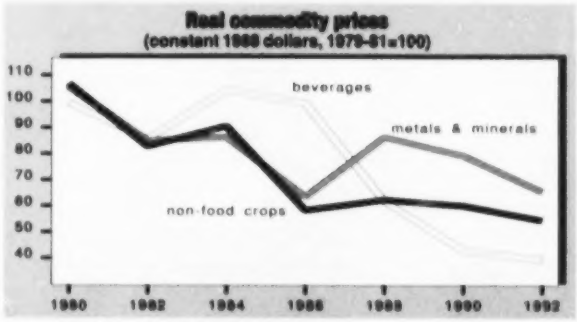
*Cotton prices have fallen sharply over the last year.*

### Calls for commodity reforms

Colombia's call at the eight UN Conference on Trade and Development (UNCTAD) in Cartagena for an international conference on commodities reflects the wide concern felt by many exporting countries at the current situation (see page 6). Leading importers remain sceptical of the effectiveness of international action in defence of prices. However, they have agreed to reconvene negotiations on a new international cocoa agreement in April; and following calls from Brazilian exporters, new talks could get under way soon to revive the agreement on coffee which collapsed in 1989.

With over 70 per cent of its export earnings still coming from raw materials, Africa is affected more than any other continent by the current downturn in prices. Of 16 commodities which are of particular export significance to Africa, only four — cocoa, rubber, tea and tobacco — are forecast by the World Bank to show any rise in real terms this year. Further sharp falls are predicted for coffee, groundnut oil, cotton and copper. Few will show any significant rise over the next 10 years, with real prices in 2005 projected at less than two-thirds their 1979-81 levels, though officials stress the hazards of predicting prices so far ahead.

Rising production, in current market conditions, may not be a way out of this price dilemma even in the short term, analysts warn.




Beverages: cocoa, coffee, tea. Non-food crops: cotton, jute, rubber, tobacco
Source: Africa Recovery from World Bank data

Côte d'Ivoire, the continent's largest coffee exporter, is expecting a bumper crop this year. But London traders expect up to one-fifth of the crop to remain unpicked. With world prices falling further in the first two months of 1992 from already historic lows in real terms, coffee analysts argue current prices simply are not attractive enough: "No farmer in the world can cover costs at the moment," one analyst from a leading trading house says.

### Coffee in crisis

"African coffee is in a huge crisis," he comments, hit by shifts in consumer tastes, poor marketing and increasing competition. According to Tanzania's Finance Minister Stephen Kibona, speaking at the November 1991 meeting of the Inter-African Coffee Organization (IACO), African producers have lost some $1 bn since the collapse of the coffee agreement. IACO is enthusiastically supporting the return of a quota system, as existed in the previous agreement, even though under a proposed new scheme its share could be sharply reduced to give more weight to higher quality arabica varieties, which only a few African countries grow. Most African production is of lower quality — and cheaper — robustas.

In the cocoa market, the first deficit in seven years offers the prospect of an improvement in prices this year, by as much as 15 per cent, one analyst predicts. But traders warn that continued uncertainty over Russian buying intentions is affecting the market. Hopes of a significant improvement in 1991 disappeared with the 50 per cent fall in Soviet imports. For the 1991/92 season, imports into the former Soviet Union — overwhelmingly Russia and the Ukraine — are expected to be between 65,000 and 75,000 tonnes, down on 1990/91 imports of 83,000 tonnes. But both the International Cocoa Organization and leading market analysts project growth in the United States and Germany to outweigh this fall in demand.

Unlike coffee, African cocoa producers are expecting a much smaller crop this season. Nigeria's crop for the current season is forecast to be down some 40 per cent, with the average fall in African output around 15 per cent — some 120,000 tonnes — cancelling out much

if not all of the benefit from the hoped-for boost in prices.

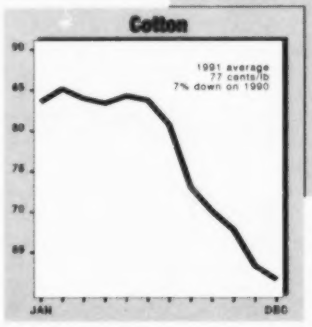
Events in the former Soviet Union have hit other commodities besides cocoa. As the world's biggest importer, falling Soviet demand has badly affected the tea market. Tea prices could be "quite strong" one London trader argues, but "Russia is the vital missing ingredient."

**Russia's absence**

Russia's almost total absence from the market last year sent prices plunging to their lowest levels since 1988. African exporters have little direct trade with Russia. Nevertheless, they are looking anxiously at tentative talks between Russia and its traditional supplier, India, to give a fillip to the market which has been hit by rising production at a time when only the Middle and Far East offer limited prospects of increased demand.

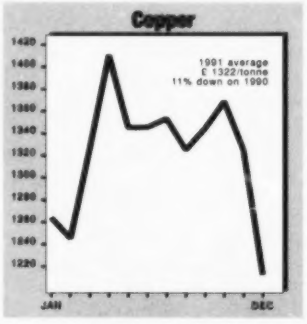
With their reputation for quality, Kenyan teas still enjoyed relatively high prices on the local Mombasa market last year. Rising production this year should help Kenya withstand some of the softness in the current market. But Malawi's poorer quality teas face a sharply depressed market, for which increased production is unlikely to compensate, traders say.

Countries exporting sugar, metals and cotton face even greater uncertainties than do producers of beverages. The former Soviet republics have production capacity in all three, adding further imponderables to already highly uncertain and jittery markets.



Cotlook A Index
Source: Africa Recovery

African sugar exporters talk of major changes in the structure of their market, previously characterized by the closed trade between Cuba and the Soviet Union and by the dramatic increase in subsidized EC production. In a market where supplies are plentiful, any chance of an uplift in prices later in the year rests on demand in the former Soviet republics.



London Metal Exchange, cash price
Source: Africa Recovery

But import demand by the former Soviet republics could fall to around 3-3.5 mn tonnes this year, from 4.4 mn tonnes in 1991, itself down on previous years. This could push already depressed prices down another cent from the 8 US cents a pound prevailing in early 1992, analysts suggest.

African exporters are insulated from some of these market shifts by their exports into the EC and US markets, where prices are above world levels. But some, such as Mauritius, Africa's biggest exporter, are expecting a larger crop this season. African exporters expect to win few orders in East European markets given the stiff competition from low-cost exporters such as Australia and Brazil, making it difficult to place their extra supplies on an already overcrowded market.

African cotton producers such as Sudan and Tanzania and countries of the Franc Zone — principally Benin, Burkina Faso, Côte d'Ivoire and Mali — are expecting another bumper cotton crop this season. They will need all the help they can get from increased sales as prices, which have fallen to their lowest level since October 1988, are not expected to rise significantly.

A record US crop has been supplemented by large sales of cheap cottons from the former Soviet republics. With both the selling and buying intentions of the former republics unknown there is great uncertainty in the market, analysts say. But with China also reversing its normal role as a significant importer to actually export cotton this season, no one is prepared to say that the bottom of the market has yet been reached. "There is nothing on the horizon to turn prices around," one UK analyst comments.

The situation in many metals mirrors that of cotton. The impact of falling Soviet demand on an already plentifully supplied market was given a further twist in 1991 by increased sales from the region, as the republics sought desperately needed hard currency. Aluminium and nickel markets have been particularly hard hit — exports by the former Soviet Union doubled in 1991 — with aluminium prices down 28 per cent in 1991.

Sales from the former Soviet republics are expected to continue this year, though at a more modest rate. With slower growth in industrialized countries traditionally having an immediate impact on the demand for metals, aluminium prices, for one, are expected to fall further in 1992. In its *World Commodity Outlook 1992: Industrial Raw Materials*, the Economist Intelligence Unit (EIU) sees average prices of $1,100 a tonne against $1,333 a tonne in 1991. "In real terms, $1,100 would be the lowest annual price in recent his-

*The gloom over commodity prices puts a premium on African efforts both to improve production and marketing and diversify into new markets and products.*

## Sluggish growth to continue

Fundamental to Africa's difficult trading prospects is the stubbornness of recession and slow growth in major industrial economies. Latest forecasts from the UN's Department of Economic and Social Development (DESD) show developed market economies growing at 2.5 per cent in 1992, against a mid-1991 prediction of 3 per cent. The IMF is now predicting growth of 2 per cent against a prediction of 2.8 per cent made last October. Growth in 1991 of this group of countries is now estimated to have been less than 1 per cent, against an earlier forecast of 1.4 per cent. Significantly, DESD predicts slower growth in 1992 for the two most dynamic economies, Germany and Japan.

Compounding this problem, is the continuing economic turmoil in the former Soviet Union and Eastern Europe. According to DESD, the combined output of these economies fell by over 14 per cent in 1991 and is forecast to fall a further 9.5 per cent in 1992.

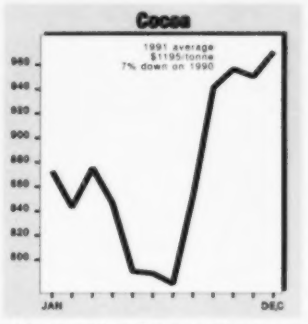
With extensive economic reforms under way, analysts suggest that African economies have shown some resilience to problems in the North. DESD puts African growth in 1991 unchanged at 3.3 per cent, with growth in 1992 projected to rise to 3.5 per cent.

This forecast, however, was made before the full extent of the severe drought in Southern Africa had become clear (see page 3). Zimbabwe, for example, could suffer a 5 per cent fall in output this year, some analysts argue.

Growth in sub-Saharan Africa overall remains particularly fragile; it was only some 2 per cent in 1991 and is projected to rise to a mere 3 per cent this year, according to DESD. This will mean another year of static or even falling per capita incomes in many countries.

tory and possibly of all time," the EIU says. The World Bank sees the real price of bauxite falling continuously throughout the 1990s. This is bad news for Guinea, which relies on bauxite for some 70 per cent of its export earnings.

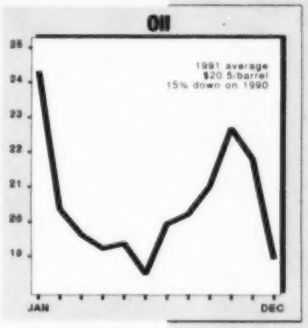
A similar, though less dramatic pattern, has occurred in the copper market. By the end of 1991, a mixture of falling demand and plentiful supplies, including from the Soviet Union, saw copper prices fall nearly 40 per cent from their 1989-90 peak.



International Cocoa Organization's daily average
Source: Africa Recovery

**Copper prices to stay down**

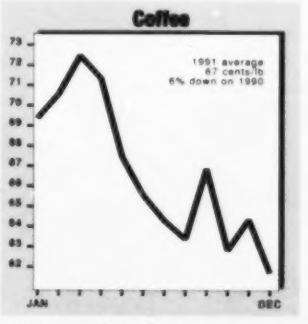
Against a 1991 average price of just over 106 US cents a pound, a survey of 10 analysts reported in the London *Financial Times* put 1992's average price no higher than 105 cents, with some as low as 85-95 US cents. In its latest estimate, the EIU forecasts an average copper price of 97 US cents a pound, itself a fall on earlier predictions of 101 US cents. This is particularly bad news for Africa's principal exporters, Zaire and Zambia, both struggling to maintain production levels in the face of numerous economic difficulties. Zaire's output this year is expected to be half its 1989 level.



Nigeria Bonny light
Source: Africa Recovery

The gloom over commodity prices puts a premium on African efforts both to improve production and marketing and diversify into new markets and products. Traders point to Ugandan coffee and cotton output in both the Franc Zone countries and Tanzania as examples of where reform efforts are showing results.

Ghana's vulnerability to cocoa — already eased by marketing improvements in the sector — has been considerably lessened by expansion in the gold and timber sectors. This paid off handsomely in 1991, when increased exports of both overcame weakening cocoa prices to give Ghana an estimated 15 per cent boost in nominal export earnings. But 1992 could prove more difficult. Analysts predict a sharp fall in gold prices which could outweigh rising production. By mid-March prices had already fallen to their lowest level since 1986.



International Coffee Organization's all-coffee daily average
Source: Africa Recovery

Uganda has succeeded in reducing its dependence on coffee, from over 90 per cent of exports to around 75 per cent. However, the growth in non-traditional exports has not compensated for the plunge in coffee earnings, from $240 mn in 1989 to $137 mn last year.

Analysts balance the prospect of slow or uncertain growth in industrialized countries, with rising demand in parts of the developing world. The EIU points out that leading developing countries, such as South Korea, India, Turkey, Mexico and Brazil, now account for 18 per cent of aluminium and copper consumption outside the former Soviet bloc. Despite recent more modest predictions, analysts still point to the potential for increased demand in Eastern Europe and the Soviet Union, particularly for tropical products (see page 14).

But the fundamental fact facing African countries as they look beyond the short-term is limited prospects for any radical upward shift in commodity prices. The World Bank's projections for real commodity prices, for all their vulnerability to alternative assumptions, still emphasize the significant constraints facing exporters of primary goods, whatever the improvements in production and marketing. Traders already point to unpicked cocoa, coffee and cotton in Africa to demonstrate how a combination of low prices and inadequate infrastructure can undermine production efforts. Tea traders argue that if low prices continue many marginal areas could stop production altogether.

Sugar and metal producers emphasize that compounding the poor demand prospects — and the challenge of new suppliers — is the impact of new technologies and manufacturing processes, which is also affecting the overall level of demand. Cotton is one commodity where the natural product has fought back and regained market share.

Nevertheless, in the World Bank's projections only sugar and timber among major African exports will enjoy 1995 prices comparable, in real terms, with a decade earlier. Many face a continuous downward spiral, reinforcing views expressed during last year's debate in the UN on Africa that an urgent priority was the implementation of strategies to diversify economies out of a dependence on commodities. As one African sugar exporter put it, surveying the current depressed and confusing nature of that market: "I feel we are in the wrong business." ■

## Oil's fall helps African Importers

**Africa's oil producers are not immune to the general depression facing most commodity exporters. The 15 per cent fall in oil prices is the largest single factor explaining the downturn in African export earnings last year.**

**Prices are not expected to rise this year unless the Organization of Petroleum Exporting Countries (OPEC) radically cuts production. Its February decision to trim little more than 1 mn barrels a day (b/d) off output of over 24 mn b/d did little to bolster prices. The immediate market reaction was to drop the price by $1 a barrel.**

**In real terms, the World Bank is forecasting a further fall in prices this year, to the equivalent of $10.5 a barrel (in 1985 dollars) from $11.7 in 1991. This is good news for the majority of African countries who are oil importers. The-$3-a-barrel fall in nominal prices last year did much to help trade balance in many countries.**

**The reverse is true for oil exporters. Nigeria loses some $500 mn a year for every $1 a barrel fall, analysts calculate. Oil receipts are estimated to have fallen last year, despite a rise in production. Following OPEC's February decision, Nigerian oil production is scheduled to fall back to 1.75 mn b/d, from 1991's estimated average of 1.89 mn. Other African OPEC members — Algeria, Gabon and Libya — face a similar cutback. Angola, which is not an OPEC member, however, is enjoying sharply rising production. From some 460,000 b/d in early 1991, production should reach 550,000 b/d this year, traders say. They also confirm that the country is managing to sell all the oil it can produce, albeit at prices down on last year.**

# More African states are 'least developed'

*Botswana set to graduate from the group*

By Ernest Harsch

Three African countries — Madagascar, Zaire and Zambia — have been added to the list of "least developed countries" (LDCs) by the UN General Assembly. African countries now account for 32 out of the new total of 47 LDCs. Cambodia and the Solomon Islands were also added to the category, while Ghana, recommended for inclusion, declined.

The General Assembly, in its same year-end action, also agreed that Botswana would "graduate" from the LDC category after a three-year transition period.

## New LDC criteria

**The UN General Assembly has adopted new criteria for LDC membership that focus better on those countries' long-term structural weaknesses and vulnerability. The original criteria, first adopted two decades ago, used per capita income, manufacturing value-added, and adult literacy as crude indicators.**

**The revised criteria retain the indicator of per capita income (set at $600 or less over 1987-89) but use two broader composite indexes to measure economic vulnerability and the level of human resource development. The "economic diversification index" comprises the share of manufacturing in GDP, the proportion of employment in industry, per capita electricity consumption and the degree of dependency on earnings from primary commodity exports. An "augmented physical quality of life index" takes into account life expectancy, per capita calorie supply, the combined primary and secondary school enrolment ratio and the adult literacy rate. There is also an upper population limit of 75 million for LDC members.**

Botswana, with an annual per capita income of $1,600 in 1989, would be the first country to leave the LDC category.

Poor countries hope to benefit from being categorized as LDCs, since some donors offer them preferential aid terms.

The LDCs' financing needs are expected to rise considerably during the current decade, especially if world economic growth — and thus the LDCs' export earnings — remains sluggish. The UN Conference on Trade and Development (UNCTAD), in its *Least Developed Countries 1991 Report*, estimates that the LDCs' annual capital requirements will rise to as much as $43.8 bn by 2000 — or more than three times the level of net resource flows to those countries in 1990.

Despite appeals for greater assistance, the total net flows of financial resources to LDCs remained stagnant throughout the latter half of the 1980s, then UN Secretary-General Javier Pérez de Cuéllar noted in an October 1991 report. In 1990, according to Organization for Cooperation and Development (OECD) figures, net disbursements of official development assistance from all sources to the African LDCs totalled $8.49 bn, only slightly more than the 1984-85 average of $8.47 bn (in constant 1989 dollars).

The UN's LDC category denotes those economies considered to be the world's poorest and most vulnerable. "The economies of the LDCs remain weak and unstable," the Secretary-General said, noting that economic trends, aggravated by drought and civil strife, have been particularly unfavourable for the African LDCs.

The gross domestic product (GDP) of the LDCs as a group was estimated to have risen by just 2.7 per cent in 1991, implying negligible or negative per capita growth for many of them. According to figures from the UN Economic Commission for Africa (ECA), the real growth rate of the African LDCs (excluding war-torn Liberia) averaged just 2.4 per cent in 1991.

Compared to the average African LDC, Madagascar, Zaire and Zambia all have larger manufacturing sectors and rank better in certain key social indicators. But they also tend to be more heavily indebted, with lower growth rates in recent years (see table). Zaire and Zambia in particular, both highly dependent on mining exports, have been hit hard by declining copper earnings.

### Ghana declines inclusion

Ghana, which has already been a favoured recipient of external financing for a number of years, objected to its automatic inclusion which the UN's Committee for Development Planning (CDP), a body of independent experts, had recommended. In a letter to the Secretary-General, Ghanaian Ambassador Kofi Awoonor questioned the CDP's application of the new criteria to Ghana, noting that the base years used, 1987-89, covered a period when the Ghanaian economy "had barely begun to respond positively" to the government's economic reforms. He also stressed that Ghana needed to consult with donors.

The CDP's proposal for prompt "graduation" of countries that no longer met the criteria was amended, at Botswana's initiative, to provide for a three-year transition period so as to avoid any disruption of a country's development plans.

Following earlier consideration of whether Namibia should be included in the LDC category, the General Assembly concurred with the CDP's recommendation that it not be added to the list, given its relatively high per capita income (between $960 and $1,450) and extensive mineral wealth. Nevertheless, as a newly independent country, the international community should provide Namibia with "assistance of a scope comparable to that given to a least developed country," the General Assembly suggested. ■

**New African LDCs: statistical profile**

| | Population 1990 (mn) | GNP per capita 1989 ($) | Real GDP growth 1986-90 (annual avg. %) | Total debt 1990 ($bn) | Debt per capita 1990 ($) | Manu. value added 1988 (% of GDP) | Adult literacy rate 1990 (%) | Life expectancy 1985-90 (years) |
|---|---|---|---|---|---|---|---|---|
| **Madagascar** | 12.0 | 230 | 2.4 | 3.9 | 328 | 14.6 | 80.2 | 54 |
| **Zaire** | 35.6 | 260 | 1.8 | 10.1 | 284 | 15.2 | 71.8 | 52 |
| **Zambia** | 8.5 | 390 | -0.2 | 7.2 | 850 | 28.7 | 72.8 | 53 |
| **All African LDCs** | 285 | *360* | *2.5* | 78.5 | *275* | *10.6* | *39.5* | *49.6* |

Numbers in italics are unweighted averages.
Sources: UN, UNICEF, UNESCO and World Bank data.

# Falling public spending reverses gains in African education

*UNESCO report highlights deteriorating conditions*

Declines in public spending on education in sub-Saharan Africa over the past decade have set back earlier advances in the region and threaten efforts to significantly expand school enrolment rates and reduce illiteracy over the 1990s, according to the UN Educational, Scientific and Cultural Organization (UNESCO).

UN/Ray Witlin

*Nursery class in Mozambique. In many African countries schooling facilities have deteriorated sharply.*

"The gap between sub-Saharan Africa and the other regions narrowed significantly during the 1970s," notes UNESCO's *World Education Report 1991*, "reflecting an enormous effort in favour of education by the world's poorest countries, but the gains made during the 1980s were partly eroded during the 1980s. Only half of the children in the 6-11 age-group in sub-Saharan Africa currently participate in formal education."

Total public spending on education in sub-Saharan Africa fell in real terms from $11 bn to $7 bn between 1980 and 1988, according to UNESCO. For a sample of 26 sub-Saharan countries, this translated into a decline in spending per pupil from $133 to $89. By contrast, average per pupil expenditures in the developed countries climbed over the same period from $1,862 to $2,888, while all other developing regions registered increases in their total educational expenditures.

Although other factors also affect access to education, UNESCO argues that continuing progress toward the goal set out at the 1990 conference in Jomtien, Thailand of "education for all" will "depend critically on national capacities to sustain higher levels of investment in education," especially in the poorest countries.

The impact of reduced expenditures, while affecting all aspects of education in sub-Saharan Africa, has been especially marked in gross enrolment rates at the primary school level (see graph), which fell from 77.1 per cent in 1980 to an estimated 66.7 per cent in 1990.

### Some successes

Nevertheless, against this general trend, a few countries were able to achieve or maintain exceptionally high primary school enrolment rates: Botswana, Cameroon, Cape Verde, Lesotho, Mauritius, Swaziland, Togo and Zimbabwe. Most of these countries also had relatively robust economic growth rates during much of the decade, highlighting the links between general economic performance and educational achievement.

Policy priorities can play decisive roles, the UNESCO report affirms. But in addition, "economic conditions, on which depend the possibility of major budgetary initiatives in support of national literacy campaigns and extensions of primary education, are important."

Although sub-Saharan Africa's secondary school enrolment rate rose during the first half of the decade, from 16.8 per cent to 18.7 per cent, it slipped to 17.5 per cent in 1990.

North Africa has fared better than the rest of the continent. Although the UNESCO report does not give a breakdown for North Africa as such, unweighted averages calculated from the individual country data indicate that the region's already high primary-school enrolment rates rose further, from 89.7 per cent in 1980 to 91.5 per cent in 1988. This was despite a significant decline in Morocco, from 83 to 67 per cent. Secondary-school enrolment rates in North Africa increased sharply over the period, from 35 per cent to 52.5 per cent, with Morocco's rate also rising, although less dramatically.

Despite declining or stagnant enrolment rates in primary and secondary education in sub-Saharan Africa, the region's enrolment ratios at the university level continued to rise, increasing by nearly four times between 1970 and 1990. This, however, was from a very low base. At 1.9 per cent in 1990 — some 800,000 students — it was by far still the lowest third-level enrolment ratio in the world, well behind the next lowest, Eastern Asia, whose ratio stood at 6.1 per cent. In 1988, North Africa's third-level enrolment rate stood at an average 10.5 per cent, with Egypt in particular having a relatively high rate of 18.8 per cent.

The UNESCO report draws attention to a particular area of improvement: the efforts made to draw girls, who make up the majority of out-of-school youths, into the formal

### Education in sub-Saharan Africa

- Just half of all children in the 6-11 age group currently attend school.
- Public expenditure per pupil was only $89 in 1988, compared to $2,888 per pupil in the developed countries.
- In the 1980s, average teacher salaries fell by 33 per cent.
- The number of adult illiterates is expected to rise from 139 million in 1990 to 147 million by the year 2000.

education system. Over the past two decades, it reports, the gap between male and female primary school enrolment ratios has narrowed markedly in sub-Saharan Africa, as well as in the Arab states, although the trend is less significant at the secondary and university levels.

The declines in educational spending have directly translated into an erosion in the quality of schooling in much of Africa. Severe shortages of textbooks and other school materials became even worse as funds available for their purchase dried up. In many African countries, the whole infrastructure of support services — school inspection and supervision, in-service teacher education, curriculum development, school health services, and maintenance of schools' furniture, equipment and physical facilities — has deteriorated. This has contributed to an increase in the numbers of students attending private educational institutions, which function, however, mostly at the pre-primary and secondary levels.

**Education indicators**

| | Gross enrolment rates (%) 1990 [1] | | | School-age dependency ratio (%) 1990 | Pupil/ teacher ratio (%) 1988 | Public expenditure on education, 1988 | | Illiteracy 1990 | |
|---|---|---|---|---|---|---|---|---|---|
| | Primary | Secondary | Tertiary | | | Total ($bn) | $ per pupil [2] | Rate (%) | No. (mn) |
| **Sub-Saharan Africa** | 66.7 | 17.5 | 1.9 | 48.6 | 34 | 7.1 | 89 | 52.7 | 138.8 |
| **Arab states** [3] | 83.4 | 52.7 | 12.6 | 44.9 | 22 | 27.7 | 313 | 48.7 | 61.1 |
| **Latin America/Carib.** | 109.3 | 57.6 | 18.7 | 34.7 | 21 | 38.9 | 293 | 15.3 | 43.9 |
| **Eastern Asia** | 119.9 | 53.3 | 6.1 | 25.6 | 21 | 24.4 | 73 | 23.8 | 278.8 |
| **Southern Asia** | 88.4 | 38.4 | 3.9 | 37.1 | 34 | 24.0 | 110 | 53.9 | 398.1 |
| **All developing countries** | 98.1 | 44.1 | 8.3 | 33.0 | 25 | 125.8 | 129 | 34.9 | 916.6 |
| **Developed countries** | 101.6 | 93.6 | 36.8 | 19.7 | 16 | 897.9 | 2,888 | 3.3 | 31.5 |

1. Estimates; because of enrolment by older students, ratios may exceed 100%. 2. Selected countries. 3. Includes some overlap with sub-Saharan Africa.
Source: UNESCO, *World Education Report 1991*

**Population growth**

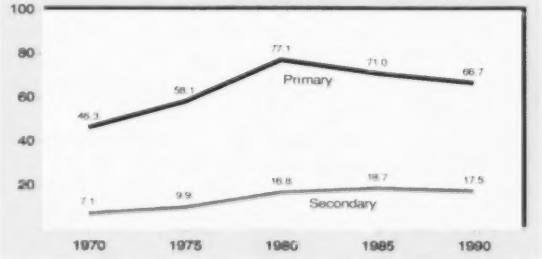
The burdens imposed on Africa's already strained school systems have been aggravated by high population growth rates. In sub-Saharan Africa, nearly half the population is under 15 years, and the school-age dependency ratio (of 6-14 year-olds to those aged 15-64) is the highest in the world. "Thus the need for teachers, relative to the working-age population, is greatest in those parts of the world which are least able to train and support them," comments the *World Education Report*.

Although the average number of pupils per teacher in sub-Saharan Africa declined slightly between 1970 and 1988, from 37 to 34, it remains one of the highest in the world, equalled only in Southern Asia. In some African countries, such as Burundi, Central African Republic, Chad, Congo, Malawi and Mozambique, the pupil-teacher ratio exceeds 60 in the primary schools.

Hit by tight educational budgets and broader economic difficulties, African teachers have also experienced a dramatic decline in their incomes. Between 1980 and 1988 the average teacher's salary in sub-Saharan Africa fell by at least a third in real terms. The only other region where there was a fall was in Latin America, where teachers' salaries declined 11 per cent. Any further drop in salaries for African teachers, UNESCO stressed, would be "counter-productive to the point of seriously destabilizing education in the region."

Mounting problems in the formal school system will inevitably have an impact on efforts to reduce adult illiteracy, given the large numbers of youths who have never been to school or who have been forced to drop out early. According to UNESCO projections, the illiteracy rate in sub-Saharan Africa is expected to fall from 52.7 per cent in 1990 to 40.3 per cent by the end of the decade. For Africa as a whole, the projected decline is from 50.1 per cent to 38.4 per cent.

**School enrolment ratio in sub-Saharan Africa**
**(% of age groups)**




Source: UNESCO *World Education Report 1991*

Nevertheless, because the expansion of educational opportunities has been unable to keep up with a rapidly growing population, the *number* of adult illiterates in sub-Saharan Africa will increase further, from 138.8 million in 1990 to a projected 146.8 million by the year 2000.

**Vital role of education**

The UNESCO report notes the growing international consensus on the vital role of education both for improving the quality of people's lives and for promoting national development more generally. While the report focuses specifically on education and does not draw out the broader economic policy implications, the clear connection between funding levels and educational achievement highlights the importance of according a higher priority to education as part of a strategy of enhanced human development. The report also draws attention to the importance of education for improving economic efficiency, to provide the skills that can allow developing countries to "gain or regain competitiveness in advanced technology," so vital to strengthening their position within the world economy.

Strengthening educational systems will not be easy, given the overall financing constraints facing developing countries. For Africa in particular, painful dilemmas are posed. The *World Education Report* notes that sub-Saharan Africa has the least equitable pattern of educational spending of any world region, with per pupil expenditures at the primary level well below those accorded to secondary and university education. Yet it will be difficult to simply shift priorities within existing educational budgets, given that university enrolment levels are still so low in Africa. ■

# Soviet demise brings Africa new challenges

*Competition for financial resources and markets compounds loss of aid*

***The break-up of the Soviet Union and the similarly profound changes under way in Eastern Europe are reverberating throughout Africa. The impact seems to be radical, not only on African politics, but also on the continent's economies. To the direct loss of aid from the former Soviet bloc is now added the threat of scarce capital being diverted away from Africa. To African eyes the massive mobilization of resources for the countries of the East stands in stark contrast to the, at best, modest gains won by Africa in recent years. Expectations of new demand for African exports are now receding, replaced by fears that the former Soviet bloc countries will become competitors in vital markets, such as the European Community.***

B. Yurchenko/AP Wide World Photo

*Soviet Germans queue in Moscow for exit visas to Germany. African labour migrants could face increasing competition for jobs in the European Community.*

By Tim Wall

Until the late 1980s, the Western and Soviet blocs were often in intense competition for Africa's allegiance — especially in strategic regions such as Southern Africa and the Horn. Now the shift in the global strategic balance and the West's growing preoccupation with the economic restructuring of Eastern Europe and the Commonwealth of Independent States (CIS) is leading to a growing sense of marginalization in Africa. This preoccupation "practically leaves no place for the Third World and Africa, except where humanitarian aid is concerned," UN Secretary-General Boutros Boutros-Ghali pointed out in an article in the latest issue of *Mediterranean Quarterly* written before he assumed office.

The level of the West's concern was demonstrated in early April with the announcement of a $24 bn official aid package for Russia alone. This followed a January conference for the CIS as a whole where pledges estimated to have totalled $80bn were made. The Organization for Economic Cooperation and Development (OECD), in November, estimated pledges from its 24 members to Eastern Europe at $45 bn. This compares with annual official commitments to Africa at the end of the 1980s, of some $34 bn.

"West Europe is devoting more and more resources to promote not only industry and agriculture in East Europe and the CIS, but also technical assistance and institution-building and there is less emphasis on these things for Africa," says Mr. Gehbray Berhane, Secretary-General of the African, Caribbean and Pacific (ACP) grouping of signatories to the Lomé Convention with the EC. "West Europe is looking for closer relations overall with the East, at the expense of African relations," he argues.

The crucial question is where the resources for Eastern Europe's development will come from. "Money has to go to Eastern Europe," says Mr. Chris Stevens, joint author of a new study on the impact of reform in Eastern Europe on developing countries. "If it's private money, it will affect the middle-income countries seeking commercial loans, such as those in North Africa, by driving up interest rates. If it goes badly in East Europe, emergency aid will be brought in and it will be countries like those in sub-Saharan Africa that rely on the public purse who will be affected."

For each 1 per cent increase in interest rates, even highly indebted sub-Saharan countries stand to lose $360 mn a year, a recent study by the Institute for International Economics estimates. The most likely outcome, the study suggests, will com-

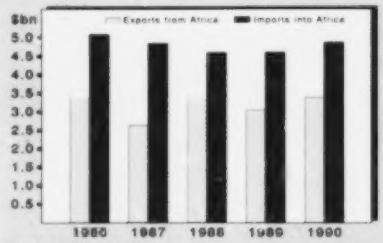
*Tim Wall is a freelance journalist based in New York. Roy Laishley and Nii K Bentsi-Enchill contributed to this report.*

bine an interest rate increase and a diversion of capital from developing countries. This will have "independent and cumulative effects on the welfare of poor countries," the authors conclude.

As the economic problems in Eastern Europe and the CIS continue — the UN is predicting a 9.5 per cent fall in national output in the region this year after a 14 per cent fall in 1991 — so the balance between commercial and official funding tilts more towards the latter.

For African countries, the vital question is which part of the public purse will be most affected. The International Monetary Fund (IMF) is set to play a pivotal role. It committed $4.7 bn to five Eastern European countries in 1991 — against commitments of $1.8 bn to 13 African countries. Former Soviet republics are in the process of joining the Fund, with a $4 bn lending programme for Russia alone expected to be approved this year.

**African trade with former Soviet Union and Eastern Europe***




* includes Yugoslavia
Source: UN Dept. of Economic & Social Development

IMF Managing Director Michel Camdessus insists that "no part of the world, neither Africa nor Latin America, will get short shrift," as a result of increased lending to Eastern Europe and the former Soviet Union. World Bank President Lewis Preston has given similar assurances, as have UN agencies such as the UN Development Programme and the UN Children's Fund (UNICEF), which are also becoming increasingly involved in the region.

For the majority of African countries, which borrow exclusively from the IMF's concessional facilities, funding is not expected to be affected, especially as donors have agreed that a wider range of countries can now use these funds.

### IMF fund shortage threatened

But Mr. Camdessus has warned that unless the IMF gets the increase in resources approved by members last year, but yet to be implemented, demand from the former Soviet republics could leave its regular accounts short of funds before the year-end. This would affect the four North African countries and the handful of sub-Saharan states, such as Gabon and Zimbabwe, which borrow from the main account.

"Considering financial transfers other than [concessional] flows from bilateral and multilateral agencies," a 1991 OECD report finds, "there seems to be little doubt that [Eastern Europe] has been competing with similar flows to developing countries." The break-up of the Soviet Union adds to this; and the emergence of a majority-ruled South Africa would only further intensify this competition for official credits. South Africa is a middle-income economy, badly in need of external funds, competing directly for aid not with sub-Saharan Africa but with Eastern Europe and the CIS, Professor Reginald Green of the UK's Institute of Development Studies points out.

But concessional funds could also be at risk at a time when the UN has called for aid disbursements to rise at an annual 4 per cent in real terms. Some $7-8 bn of OECD commitments to Eastern Europe are in the form of grants. A sizeable amount of official pledges to the CIS could also be on a concessional basis. In a period when the public purse is being tightened, even in Japan — Africa's main hope of increased aid flows — such amounts could have an impact.

Mr. Benno Ndulu of the African Economic Research Consortium in Nairobi makes an added point. He judges that current levels of financial flows to Africa have "remained what they would have been" had the Soviet bloc not broken up, but adds: "What most of us fear is diversion of aid." "There is currently a net resource flow out of Africa," Mr. Ndulu notes, pointing to debt repayments, "and if that outflow is in effect diverted to European development, I would consider it obscene."

The World Bank's Pierre Landell-Mills points out that it is difficult to separate the effect of world recession on aid flows

## Soviet Union in Africa

Commencing with Egypt in the 1950s, the Soviet bloc forged close political, economic and military links with a number of African countries such as Angola, Ethiopia, Libya and Mozambique. More pervasive still was a system of scholarships for higher education which took students from virtually every African country. Since independence, hundreds of thousands of Africa's most highly skilled people — teachers, administrators, engineers, doctors — participated in a system which represented a significant transfer of 'know-how' to Africa.

This has been supplemented by a considerable amount of more traditional technical assistance. In the mid-1930s, some 12,000 Soviets were working in Africa, compared to some 100,000 Western experts. In smaller countries such as Cape Verde and Guinea-Bissau, Soviet assistance was a significant factor in development efforts. In Guinea, in 1989, for example, there were over 350 Soviet personnel providing assistance, the largest single source of such aid to the country.

During the 1980s, Soviet bloc aid to Africa was never more than 10 per cent of total aid commitments to the region. Over 90 per cent of this was concentrated in six or seven countries — Algeria, Angola, Egypt, Ethiopia, Libya Mozambique and Nigeria. For Mozambique, for one, the loss of some $200 mn a year in aid has been a severe blow to development efforts, Prime Minister Mario Machungo has said. Debt obligations to the former Soviet Union are similarly concentrated and for Guinea, Guinea-Bissau, Mali and Sao Tomé these form 20 per cent of their total outstanding debt.

Trading relations between Africa and the former Soviet Union and Eastern Europe are also concentrated. According to UN data, 5.5 per cent of African exports in 1987-90 went to the region, while during the same period just under 7 per cent of African imports came from there. This compared with 3.5 and 6 per cent respectively at the beginning of the 1980s (see table).

In 1990, two-thirds of African exports were from North Africa, with Egypt alone accounting for one-third. Côte d'Ivoire and Ghana accounted for another 15 per cent, virtually all cocoa, with Ethiopia, Mali and Sudan the only other notable exporters. Trade figures probably understate the true extent of commercial links between the two regions, with counter-trade deals, like that between Guinea and the former Soviet Union, often not included. Guinea's deal, where the former Soviet Union took 90 per cent of the output of the Kindia bauxite mine, has so far remained in place, but many others have collapsed as the political changes in Eastern Europe transform economic relations.

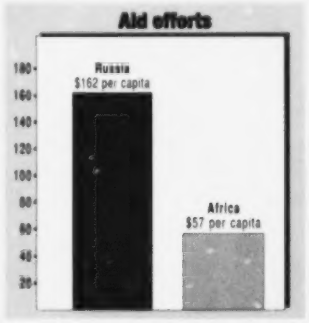
from that of new assistance to Eastern Europe. But he argues that the highly concessional aid sub-Saharan Africa attracts is not yet going to Eastern Europe or the CIS in large amounts. "We expect any fungibility [between aid to Africa and aid to the former Soviet bloc] to take time to appear."

"Up until now, almost all aid donors have insulated their aid flows to Eastern Europe from normal patterns," Mr. Stevens argues. But signs are emerging that traditional increases in aid to Africa are flattening out — and in some quarters cuts are being made — under the combined pressure of economic downturns and plans to rush aid to Eastern Europe and the CIS.

A. Maltsev/AP Wide World Photo

*St. Petersburg shoppers battle for Western food aid. Humanitarian assistance is one area where former Soviet republics are in competition with African countries.*

Germany has taken the leading role in aid and investment into this region, especially the former German Democratic Republic (GDR). According to Mr. Rolf Langhammer, chief of the Research Division at the Kiel Institute of World Economics, Germany has channelled about DM200 bn (more than $120 bn) to what was once the GDR since June 1990. An additional DM40-60 bn has gone to the CIS.




Russian figure is based on Western official aid for 1992 announced on 1 April. Africa figure is for 1989 official commitments.

Source: Africa Recovery

German aid to Africa, currently around $2 bn a year, cannot match these levels. "There has been a shift in Germany's aid priorities," Mr. Langhammer comments, "because they are in charge of Eastern Europe. There has been a shift in growth rates in favour of Eastern Europe and against Africa. From the African point of view it's deplorable, but it is a fact of life."

Efforts to insulate development aid from rescue efforts in the former Soviet bloc are wearing thin elsewhere. In the Netherlands, the government is under pressure to place development cooperation and assistance to Eastern Europe and the former Soviet Union under one ministry. The UK has similar plans. Ms. Maria Elana Hurtado of the London-based World Development Movement argues this raises the likelihood that any increases in aid will go to the CIS.

In the US, which has made an initial pledge of $645 mn, humanitarian aid to the former Soviet Union will come from within overall aid allocations. US aid to Africa has risen recently, but in Administration budget-planning to 1997, during which aid needs in Eastern Europe and CIS are likely to remain high, total foreign aid allocations barely rise.

Competition for concessional funds could come with the replenishment of the World Bank's soft-loan affiliate, the International Development Association (IDA). Difficult negotiations are under way to increase the $16 bn presently available in IDA closer to $20 bn. This would allow for extra demand for IDA funds, both from new Bank members such as Albania and Mongolia and newly eligible countries such as Côte d'Ivoire, Egypt and Zimbabwe, whose declining per capita incomes have brought them into the IDA fold.

### Central Asian republics

No one has a clear idea yet of the per capita gross domestic product (GDP) of the former Soviet republics, but UN officials trying to evaluate this believe the four Central Asian republics of Kyrgyzstan, Tajikistan, Turkmenistan and Uzbekistan — which have a combined population of over 30 million — could become eligible for IDA. "I don't think anyone has talked about a diversion of IDA funds to the CIS states," says the Bank's Pierre Landell-Mills, but concedes that IDA status might be given to "one or two of the poorest Asian republics."

One official points to the very similar conditions between the four and Mongolia, which has presently a notional GDP per capita of $400 - $600, making it eligible for IDA. The decision on the republics' inclusion in IDA could be based on similar grounds.

**Trade ties in chaos**

In January a Russian ship unloaded a new turbine for Angola's $1 bn Capande hydro-electric dam, being built with former Soviet help. It was a welcome confirmation of Russia's continuing economic interest in the country. But Africa's trading relations with its former Eastern bloc partners are mostly in chaos. Traders in Abidjan and Accra report no purchases of cocoa so far this year by either Russia or Ukraine. Only last year, Côte d'Ivoire had signed a five-year deal for the then Soviet Union to take some 100,000 tonnes of cocoa a year.

This follows a similar downturn in Eastern European demand in 1989-90, with both affecting world prices (see page 1). A number of countries ceased importing commodities, such as cotton. Egypt, which traditionally sent 20 per cent of its exports to Eastern Europe and the Soviet Union and which, in 1991, had negotiated a new five-year trade accord with the Soviet Union, has been particularly hard hit. The new arrangements have all but collapsed, observers say, with none of the 10,000 tonnes of cotton exported and Egypt forced to search elsewhere for more than half the 500,000 tonnes of coal the former Soviet Union had been expected to supply. Any new trading arrangements are likely to be on new terms — barter deals are being questioned in the light of Moscow's need for hard currency — and less favourable to Egypt, analysts say. Business is expected to

**Africa's debt to the former Soviet Union***
**(millions of roubles**)**

| | Total debt |
|---|---|
| **All Africa** | 13,936.6 |
| **Ethiopia** | 3,075.0 |
| **Algeria** | 2,705.7 |
| **Angola** | 2,100.0 |
| **Egypt** | 1,697.8 |
| **Libya** | 1,589.0 |
| **Mozambique** | 891.3 |
| **Tanzania** | 330.0 |
| **Mali** | 300.3 |
| **Somalia** | 270.5 |
| **Guinea** | 259.2 |

* as of 1 January 1991
** at end-March, $1=100 roubles at the market rate
Source: Vnesheconombank

# Russia: no bear hugs for Africa

By Vladimir Iordansky in Moscow

Russia's Foreign Minister Andrei Kozyrev toured Africa at the end of February, visiting old friends such as Angola and possible new partners like South Africa. His visit to the latter symbolized the change in policy from that of the former Soviet Union, from one based on ideological "proximity" to one based on mutual advantage.

But Mr. Kozyrev's visit is not likely to be symptomatic of the importance that Russia will attach to relations with Africa. Africa does not figure at all in recent statements on Russian foreign policy. On aid, Mr. Kozyrev told the local *Izvestiya* in January that Russia "will share with and will assist those who are genuinely in need." But the deepening economic plight of Russia is likely to dictate its policies to developing countries, with debt recovery high on the list.

Mr. G. V. Smirnov of the Africa Institute at the Russian Academy of Sciences warns that no new loans for economic purposes or for military assistance are envisaged. Financial relations with Africa have been on the decline since 1985, Mr. Smirnov observes, firstly as a result of Africa's problems and subsequently with the intensification of the Soviet Union's own economic troubles. Now, Russia's critical economic situation is the major factor in relations with Africa and other Third World regions, Mr. Smirnov believes.

Public opinion shows an increasing intolerance of any form of assistance to developing countries. Mr. Kozyrev reflects some of this feeling: "A policy of directing flows of so-called aid of various kinds to dictators at a time when our own population is in need of basic essentials can only be described as amoral."

African debtors could find themselves facing urgent demands for repayments, instead of the prospect of securing greater debt relief, as they hoped. In 1989, former Soviet president Mikhail Gorbachev offered 30-40 per cent debt relief for the poorest countries. African countries have been waiting for Moscow to implement the relief, concedes Mr. G. I. Kuznetsov, head of the Africa and Latin America department of the Ministry of Foreign Economic Relations. But he says that Russia's economic problems mean it cannot agree to this. Instead, Russia is seeking "an intermediate course," which will involve repayments of at least part of the debt in hard currency. Preliminary contacts have already been made with Algeria, Mozambique and Tanzania.

The issue of debt repayments is made more complicated by disputes over who now owns the debts to the former Soviet Union. Russian officials claim that 61 per cent of the debt is owed to Russia and that Moscow-based Vnesheconombank, which handled foreign currency transactions in the former Soviet Union, should be responsible for collecting outstanding debts. Both points, however, are disputed by other republics, such as Ukraine.

According to Vnesheconombank, 85 per cent of African debt to the former Soviet Union was for military purposes. Of the 13.9 bn rouble debt outstanding as of 1 January 1991, Algeria, Angola and Ethiopia accounted for over half (see table). Mr. Kuznetsov says that various ways of paying off outstanding debt obligations will be considered. Future deals could include repayments in the form of goods — as Guinea already does with bauxite — or services, such as meeting the local costs of Russian enterprises. Debt payments could be converted into local currency and used to finance the investment activities of Russian entrepreneurs. Russian officials claim that negotiations are far advanced with both Angola and Congo to pay off debts in this way. African debt could also be sold on the secondary market. Russian officials are quoted as saying that Swiss companies have expressed interest in such deals, particularly for Algeria, Libya and Mozambique. ■

*Vladimir Iordansky writes on African affairs for* Za Rubezhom. *Charles Quist-Adade also contributed to this story.*

Alan Hutchison

*Soviet ship unloading military supplies in Luanda. Old ties are being transformed.*

be more competitive and Egypt will find it hard to find markets for its high-priced cotton, with Russia preferring poorer quality but also much cheaper long-staple cotton from Uzbekistan.

Mozambique has been similarly affected. "Mozambique's barter deals with East Europe and the USSR brought back manufactured goods at favourable terms," says Mr. Joe Hanlon, author of *Mozambique: Revolution Under Fire*. Markets for oranges into East Germany have been lost, he points out, adding that the former Soviet Union is also "out of the picture" for joint development of natural gas. "It's a shame, because they would have helped Mozambique process the gas, which would have strengthened internal development," Mr. Hanlon asserts.

The new cash nexus in trading relations with Eastern Europe and the CIS can mean opportunity as well as threat. The disruption in Soviet oil supplies has meant a sharp increase in orders for North African oil, not only from traditional suppliers like Libya, but Algeria as well, which supplied Hungary $159 mn of oil in 1990.

According to Mr. Julius Kotynski of the UN Conference on Trade and Development (UNCTAD), slackening production in the CIS republics is opening a window of opportunity for African exporters, as import demand from recovering Eastern European economies picks up. Reduced tariffs and streamlined customs regulations in the reforming economies further point to improved export prospects. Already, cotton traders report, African Franc Zone cotton exporters such as Benin, Burkina Faso, Côte d'Ivoire and Mali, are finding their relatively low-cost products competitive in the Eastern European market. Demand for African phosphates, metals, oils and timber, could also improve, Mr. Kotynski believes. He also observes an increase in consumption of tropical fruits and beverages in some markets.

Generally, UNCTAD sees only "a rather pessimistic picture" in the short-term, even in sectors such as tropical products. But in the medium to long term, there is considerable potential, given current low levels of consumption, it says. Per capita consumption of citrus fruits is presently running at only 14 per cent of levels in developed market economies; coffee levels are at 15 per cent and cocoa, 47 per cent, while natural rubber consumption is running at about one-third of that in industrial market economies. With a combined population of some 400 million, Eastern Europe and the CIS offer clear — but probably distant — prospects of a sizeable demand for many of Africa's traditional exports.

#### Threat as well as opportunity

Economic recovery in Eastern Europe and the CIS could also mean increased competition in world markets. Rising metal production in Eastern Europe and the CIS, particularly of copper, nickel and gold, as well as iron and steel could affect future import demand from them and hence world prices. Soviet metal exports in 1991 have already sent prices sharply downwards. In

## Crisis for African students

By Charles Quist-Adade in St. Petersburg

When a Dutch diplomat arrived in Kampala in February to discuss bilateral issues, one of the first requests he received from Prime Minister George Adyebo was for urgent assistance in repatriating over 600 Ugandan students stranded in the former Soviet Union, two-thirds of them crammed like refugees into their Moscow embassy, after their scholarships were withdrawn by the new independent states. Unable to pay the $1 mn needed to repatriate the students by air, Uganda reportedly appealed to the Dutch government for help. Prime Minister George Adyebo added that Ugandan students in other Eastern European countries were in similar difficulties.

The Ugandan students' plight typifies the dramatic changes brought to over 8,000 African students by the break-up of the Soviet Union. Education is no longer free — courses now cost between $3,000 and $6,000 a year — and college canteen subsidies have ended amidst a sharp rise in overall living costs. But foreign students are still getting the same stipends they got from the Soviet government — 160-180 roubles a month, which lasts less than 10 days of meals.

A 30-year era, stretching back to the early days of African independence, during which the Socialist countries provided valuable scholarships for higher education and specialized training, is drawing to a close. The Soviet Union alone trained well over 50,000 Africans from every country on the continent, as well as from liberation movements. Zambian President Frederick Chiluba and Senegalese writer/film director Sembene Ousmane are among the Africans who passed through Soviet institutions. Now, new scholarships have been drastically reduced. Before 1989, Ghana, for example, received some 200 Soviet scholarships each year. But less than two dozen Ghanaians came for the 1991-92 academic year.

the short run, rising industrial production in the CIS would help metal prices. But the World Bank's Ron Duncan, chief of the International Trade Division, warns that "if the region begins exporting much larger quantities of some primary commodities, the move could certainly drive prices downward."

The EC, which accounts for approximately 60 per cent of African exports, could prove a crucial arena for the challenges Eastern Europe and the CIS will present to Africa. The EC is already moving to give association status to Czechoslovakia, Hungary and Poland, which will give them much improved market access. All three countries are considered to be prospective members of the EC, possibly by 2000.

*"It is not clear how fast Eastern Europe can enter West European markets, but once they get going, Africa will be left behind. It will be more adversely affected than any other region of the world."*

"It's not clear how fast Eastern Europe can enter West European markets, but once they get going, Africa will be left behind," says one UNCTAD official. "It will be more adversely affected than any other region of the world," he argues.

Competition from Eastern Europe is most likely to threaten North African exports, especially textiles and light manufactures. "Exports from Eastern Europe are similar to those of other Mediterranean countries," says Mr. Stevens, "and Eastern Europe's access to the EC is now much improved over what it was before." The EC, however, is viewing North Africa in the same strategic light as Eastern Europe: both as an increasingly important trading partner and as a source of the threatening rise in labour migration.

The task of accommodating an influx of some 600,000 people originating from the turbulence of Eastern Europe in 1989 has already had a sobering effect on Western Europe. The prospect of large flows from the CIS only adds to EC fears at a time when unemployment in member countries is rising.

For North Africa, such labour migration and the further tightening of immigration laws in the EC that it could provoke, represents a direct threat, either of lost remittances or the closing of a vital safety valve for their own growing labour force. An estimated five million North Africans already work in the EC.

Such concerns, along with future trading prospects, explain the emphasis given to the two regions in the proposed budget for 1993-97, put forward recently by the EC Commission. Details have still to be released, but according to EC officials the proposals make specific mention of the importance of Eastern Europe and the Mediterranean countries — which includes those in North Africa. This concern is likely to be reflected in these regions' share of the proposed external relations budget, which is set to expand by 7 per cent a year in real terms.

The EC's embrace of North Africa in its vision of expanding economic influence could enable the region to negotiate improved access to both credits and markets. Whether these would be sufficient to compensate for possible losses in market share to Eastern Europe and the CIS — in terms of earnings from labour as well as goods — is impossible to predict. But the negotiating power of North Africa is likely to be far greater than that of sub-Saharan Africa as a whole, which in the short term faces the possibility of growing competition for very limited amounts of concessional funding and in the long term, competition in many of the product lines — textiles, basic manufactures — into which it is struggling to diversify. ■

© Shalygin/AP Wide World Photo

*African student families face an uncertain future in Russia.*

Many Africans are now eager to finish their studies and leave. In Russia and other republics, Africans complain about police indifference to the growth of racial attacks and robberies, as well as the xenophobia reported in the local press. *Pravda* wrote that most Russians resented "having to feed foreigners" when they could hardly feed themselves. "Everywhere you feel unwanted," lamented one Burkinabe student. A Mozambican said some Russian men had warned him in the street to clear out fast: "We are cleansing our city. The Communists who invited you here are no longer in power." Many black African students, once a relatively privileged group, say they feel like highly visible scapegoats now.

In other countries, the situation worsened earlier. During 1990-91, most Mozambican and Angolan students in their third year or less were sent home from Bulgaria, East Germany and Czechoslovakia. Many Angolan students also left Russia in 1991-92. The Angolan, Mozambican, and Namibian governments have withdrawn their military trainees, and other financially pressed governments are also likely to bring their students back home early.

However, Russia is allowing current students to finish their courses, as was confirmed in a recent Moscow meeting between African diplomats and authorities of the new states. But no agreement was reached on increasing stipends or lowering air fares. This leaves stranded hundreds of Africans who graduated last June: Aeroflot, the ex-Soviet airline, has reduced its African destinations, its fares have shot up, and the Russian Higher Education Ministry says it cannot buy tickets for foreign students.

# Guinea: a long road to recovery

***In spite of its mineral wealth and great agricultural potential, Guinea remains one of the world's least developed countries. Major structural adjustment reforms undertaken by the military government over the past six years have barely reduced the economy's extreme dependence on mineral exports. Growth of agriculture and the private sector has fallen short of expectations and Guinea continues to require large inflows of external finance for development spending.***

By Anne Boissier

With its negotiating position weakened by sizeable budget deficits and mounting arrears on external debt payments, the government of Guinea will face a searching examination of its economic and financial management when missions from the World Bank and the International Monetary Fund (IMF) visit Conakry at mid-year.

UNICEF

*Artisanal fishing is one of the sectors the government is attempting to develop as part of its economic diversification plan.*

Although the IMF approved an $80 mn enhanced structural adjustment facility (ESAF) credit only last November, performance targets and other key elements in Guinea's adjustment programme already need to be reformulated. This maintains the on-off pattern which has characterized Guinea's relations with donors since the government launched a drastic programme of structural adjustment reforms at the end of 1985.

However, Guinea, firmly anchored in the lower ranks of the world's least developed countries (LDCs), has had to undertake its adjustment programme in the face of major external and domestic constraints which seriously limit the government's options. Its narrow economic base — manufacturing is less than 4 per cent of gross domestic product (GDP) — makes it difficult to sustain a high growth rate, which averaged over 4 per cent a year between 1987-90 but fell to 2.1 per cent in 1991. The 4-5 per cent growth target in the current adjustment programme is ambitious in view of unfavourable price projections for the bauxite and alumina Guinea relies on for 70 per cent of export earnings and nearly 25 per cent of GDP (see box, page 21).

Efforts at economic diversification have also been hampered by factors outside government control, such as war in neighbouring Liberia which has delayed a major iron ore mining project at Mount Nimba. Output continues to be low in agriculture and other sectors and in 1989 per capita GDP was just $491. The government's problems are aggravated by the paucity of essential economic and social infrastructure which has left Guinea's people with high illiteracy, particularly among females, the third lowest life expectancy in Africa, and the sixth highest under-five mortality rate.

With this socio-economic background, the Guinean government remains heavily dependent on foreign aid. By 1987-89, foreign financing had risen to 105 per cent of the budget deficit, up from 37 per cent in 1980-82. And over 80 per cent of the government's planned development spending in 1991-93 relies on external funding. In this situation, the government has little option but to get its adjustment programme back on track through renewed negotiations with donors.

Guinea's creditors are worried by, among other things, the considerable arrears it has built up on its $2.5 bn foreign debt. The current difficulties with the Bank and Fund-supported programmes caused the Paris Club of bilateral creditors to postpone an end-March meeting that was due to offer some debt-relief. Guinea's creditors are reportedly ready to grant rescheduling terms equal to those recently given Tanzania (see

*Anne Boissier is a freelance journalist based in Paris. Nii K Bentsi-Enchill contributed to this report.*

page 7), but this depends on reaching new agreements with the Washington institutions.

In the past, implementation of agreed measures has been uneven or delayed, with public spending targets often exceeded. This has led to the Bank and Fund holding back scheduled adjustment credits, and to further rounds of negotiation. These pressures from donors, as well as the recurrence of domestic protest against the required austerity measures, have made already difficult adjustment reforms harder to implement.

And with the promise of further austerity, the situation will not ease soon. Eight years of military rule have provided new opportunities for privileged groups, while the reform measures have hit broad sections of the population increasingly hard. Unemployment is unofficially and conservatively estimated at over 40 per cent, most urban Guineans depend on unstable income from the informal sector and inflation has averaged over 28 per cent since 1987. There is rising agitation in Conakry — university students have been on strike for several months — and other urban centres, as the government tries to control increasingly active political parties (numbering more than 20 as of March) during a difficult political transition towards democratic elections due in December this year.

## Mining dominates economy

The imbalance in Guinea's economy is best illustrated by the paramount importance of mining. This sector employs only 6 per cent of the active population, but provides nearly a quarter of GDP, some 60 per cent of government revenue, and over 90 percent of export earnings. Within the sector, bauxite production is by far the most important activity, with current annual production running at some 17 mn tonnes, of which all but 2 mn tonnes is exported. Bauxite reserves are estimated at around 6 bn tonnes, and this represents roughly 26 per cent of world reserves.

Western, and particularly French, interests stayed in the mining sector during the Sékou Touré regime, unlike in other sectors of the economy, developing it as an enclave with private railway lines, port infrastructure and specially maintained roads, as well as hospitals and schools.

Three companies mine Guinea's bauxite: the Compagnie des bauxites de Guinée (CBG), 49 per cent state-owned, with majority shares held by the international Halco consortium; Friguia mining company, also 49 per cent state-owned, with remaining shares owned by the Frialco holding company (mainly Canadian, French and British interests) which mines the bauxite and processes it locally into aluminium oxide and the Office des bauxites de Kindia, fully state-owned, with the former Soviet Union the guaranteed recipient of 90 per cent of its output.

There have been mixed results in efforts to diversify the mining sector. Guinea shares vast iron ore reserves with Liberia in the Mount Nimba area. But the major Mifergui-Nimba mining project has failed to secure foreign financing in view of political instability in Liberia, and world market conditions for the ore. Gold prospects are better, with a project underway at Dinguiraye in northern Guinea to mine up to 40 tonnes of gold reserves in a joint venture with a French-led consortium. The government has also passed new legislation on gold and diamond mining, broadening the scope of artisanal activities, as well as regulating the activities of two joint-venture companies, Aredor (for both precious minerals), and Aurifère de Guinée, a gold mining operation. However, widespread smuggling of precious minerals continues to deprive the government of significant revenue and recent efforts to deploy customs police throughout the country have met with little success.

**Guinea at a glance: 1990**

| | |
|---|---|
| **Population** | 5.8 million |
| **Population growth rate** | 2.8% |
| **GNP per capita** | $480 |
| **Currency** | GF 660=US$1 |
| **Gross domestic product** | GF 3,002 bn ($4.5 bn) |
| **of which: agriculture** | 27.2% |
| **manufacturing** | 3.4% |
| **Total external debt** | $2.5 bn |
| **Debt service ratio** | 8.3% |
| **Life expectancy** | 45 years |
| **Infant mortality rate** | 145 per 1,000 births |
| **Adult literacy rate** | 24% |

Source: UNFPA, World Bank, UNICEF

### Flood-tide of liberalization

A period of momentous change seemed to open in April 1984 when a military coup ended the First Republic one week after President Ahmed Sékou Touré's death. The previous 26 years of independence had seen a long decline into a subsistence economy, a once dynamic agricultural sector collapsing under an inefficient state marketing system, and other sectors stifled in a command economy starved of credit and other inputs for production.

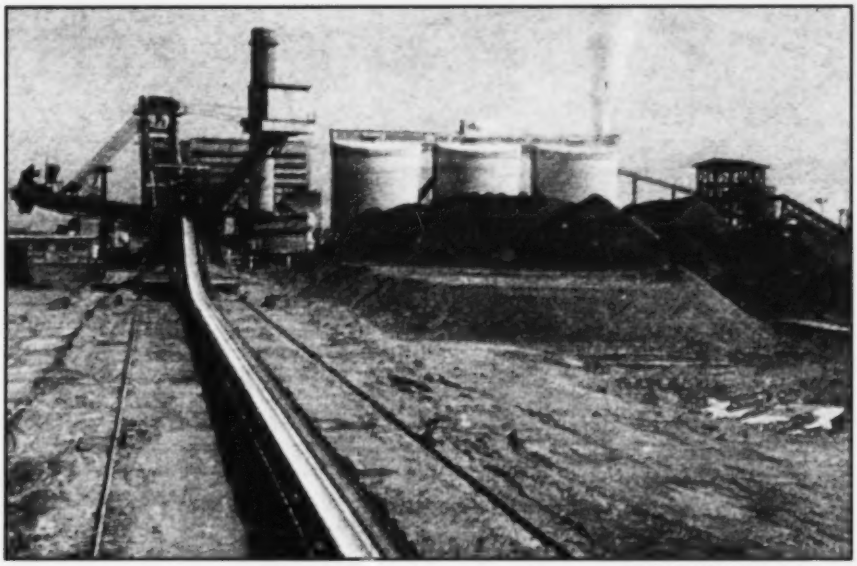
Immediately after Sékou Touré's famous rejection of French terms for independence in 1958, France withdrew totally, reputedly taking even light bulbs away. Other Western countries, as well, had little involvement with Guinea's brand of socialism, outside the mining sector, until the 1970s when the Sékou Touré regime began a hesitant rapprochement with the West.

Accelerating the move, President Lansana Conté welcomed a team from the IMF to Conakry just six months after taking power. And in December 1985, he thrust Guinea firmly into a new era by announcing a programme of sweeping economic and financial reforms.

Key elements of the programme included a 92 per cent devaluation of the syli (renamed the Guinean franc) in January 1986; the lifting of most price controls, and of the state monopoly on exports and distribution; and a radical restructuring of the public sector, involving liquidation or privatization of state enterprises (see box, page 22) and massive cuts to the public payroll.

Six years on, kick-starting the private sector, implementing public sector reform and effective fiscal and monetary policies continue to be at the centre of Guinea's adjustment effort. Original targets of the current programme include the achievment of 4-5 per cent annual growth, while at the same time reducing inflation from 27 per cent in 1990 to 8 per cent by 1994 and bringing the balance of payments deficit to 4.2 per cent of GDP by 1994 from 6.5 per cent in 1991. However, these may change due to the problems of the last two years.

Public spending, in particular, has been hard to control, and its restructuring remains a priority area. From the start of the adjustment programme, the government agreed to develop a system of monitoring and controlling the public payroll, and streamlining administrative structures. However, progress has been slow. Staffing has been cut from some 72,000 in 1986 to 52,000, and the end-1992 target is 45,000. But in the process of improving incomes in the sector, recurrent spending has exceeded agreed targets. This was exemplified when public sector salaries were raised in 1990, and doubled the following year in response to growing social discontent. This contributed to a big-



UNICEF

*Bauxite mine. Guinea has a quarter of the world's known reserves of the ore.*

ger than planned budget deficit in 1991.

Work continues, however, on reorganizing a bureaucracy that is the major modern sector employer. Initially, it was found that some 10 per cent of government employees were in fact "ghosts". Even greater numbers were discovered in unbudgeted posts, many with inflated qualifications, unmerited salaries and emoluments.

Mindful of the political and social sensitivity of cutting civil service jobs, the government gave the first wave of people made redundant six months of extra salary in 1986, but protests persuaded donors to finance a two-year extension of payments. Voluntary retirement was encouraged with termination payments worth five years' salary, but their value was quickly eroded by inflation. A special bureau was also set up to provide credit to former civil servants going into business. But very low repayment rates contributed to the bureau's demise in 1990. With more redundancies due, the government will maintain termination benefits, but has little financial margin with which to respond to renewed protests over rising living costs as it did in 1990-91.

A major factor in the government's financial crisis is the low rate of revenue collection. Budget revenue fell from an average 35 per cent of GDP in 1980-82 to 18 per cent in 1987-89, and has only improved slightly since. Key departments such as customs and the public utility companies have been more lucrative for individuals than for the treasury, and in 1991, President Conté publicly criticized finance sector officials for their complicity in widespread tax evasion.

Some positive steps have been taken to control spending and increase revenue collection. The government recently cut the number of ministries by nearly half, reducing expensive duplication of functions. It has also agreed to transfer spending on military projects from the public investment programme to the 1992 recurrent budget, placing this onerous item under closer scrutiny in the economy and finance ministry.

Public utilities are also being reorganized – under private management contracts — to improve their revenue collection and prepare them for privatization. The national petroleum products company, SONAH, has set a good example: its contribution to government revenue rose from GF 4 bn (some $6 mn) to GF 32 bn in barely one year.

This responds to the imperative of upgrading the chronically deficient infrastructure which currently hampers economic recovery in general, and private sector development in particular. "Without telephones, telex and facsimile facilities, it is hard for the private sector to function," Planning and International Cooperation Minister Ibrahim Sylla observes. Apart from a special transport system covering the mining enclaves and their links to the ports, most of Guinea's public road and rail networks, port installations and airport equipment "are virtually unusable," the government acknowledged in 1990.

## Guinea's private sector blues

**Although private sector development is high on the list of Guinea's adjustment priorities, progress has been slow in mobilizing both domestic and foreign investment, except in mining. Services have grown appreciably, but prospects are not bright in manufacturing and agro-industry. Investors have been increasingly cautious in the face of administrative problems which undermine recent legislation aimed at improving conditions for private enterprise.**

The problems facing expansion of the sector are evident in last year's decline in its share of overall credit, after a steady rise since 1987. This was in part the banks' response to the sharp growth of unpaid loans: from under 2 per cent in 1987 to nearly 36 per cent of total private sector credit in 1991. The growing burden of bad loan portfolios also illustrated continuing problems for a financial sector whose role is seen as vital to the liberalization programme.

Guinea's original six, fully state-owned and virtually bankrupt commercial banks were liquidated as soon as the economic reforms began. Gradual reconstruction of the sector proceeded until in 1991 there were again six commercial banks, this time with state majority shares in only two, and the rest divided between private Guineans, European banks, and Saudi Arabian and Morccan interests.

However, credit for productive activities has continued to be in short supply. In part this reflects the virtual absence of banking institutions from the vast rural areas. The pool of available funds is also limited by the small inflow of remittances from the numerous Guineans abroad. But a vital factor in the credit shortage for production, according to the government, has been the continued preference of the banks for "speculation and import-export operations." Traders have retained a steady 42 per cent of short-term lending since 1987, and President Conté has publicly regretted that this has been at the expense of production. Both the government and donors want to promote more long-term lending for productive investment: its share of total private sector credit has gone from 3.5 per cent in 1987 to just 7.5 per cent in 1991, while short-term

Nearly half of the GF 850 bn 1991-93 public investment programme (PIP) is devoted to infrastructural projects, including exploitation of Guinea's hydro-electric potential. Plans to 2000 envisage construction of two major dams, several smaller dams and generating stations, and eventually a national electricity grid. Currently, power cuts often leave Guineans with only seven hours of power a day, and most businesses rely on their own generators.

**Relaunching agriculture**

Guinea's agricultural sector represents only 30 per cent of GDP and provides just 4 per cent of exports. In the mid-1950s the country was a major exporter of bananas and pineapples, but today exports are virtually non-existent. Overall output remains low, although over 80 per cent of Guineans derive their livelihood from agriculture: the index of per capita food production was just 87 at the end of the 1980s, compared to 100 in 1979-81.

*"Without telephones, telex and facsimile facilities, it is hard for the private sector to function"*

Ibrahim Sylla
Planning and International Cooperation Minister

Much of the blame has been put on the stifling state controls of the First Republic, where a compulsory marketing system imposed low producer prices while failing to supply needed inputs, particularly of credit. However, progress has been notably slow since 1984, with donor-funded and managed rural development schemes also making little headway.

The adjustment programme has led to privatization of marketing and distribution, and gradual government withdrawal from direct interventions beyond supplying some inputs and providing essential services. The 1991 Agricultural Development Policy document (LPDA) aims to increase agricultural productivity, with annual growth projected at 3.5 per cent for the medium-term. It also wants to ensure that more land is put under cultivation and reduce rural-urban migration by making agriculture more attractive with higher producer prices. Relatively successful schemes have also been set up to address the critical shortage of rural credit. With co-financing from France, the EC's European Development Fund and the US Agency for International Development, the government aims to have 38 credit associations operating by 1993, and intends to develop a national system of rural and agricultural credit.

The LPDA is also using variable taxes to curb agricultural imports which have surged under trade liberalization, to the detriment of local producers. Cereal imports, for example, rose from between 130-190,000 tonnes in 1980-85 to 330,000 tonnes in 1989, while local per capita cereal production (particularly of rice, the Guinean staple) has fallen from the levels prevailing in the late 1960s.

Nearly two-thirds of cereal imports consist of rice — much of it subsidized by the exporter — with roughly 20 per cent usually re-exported to Mali and Senegal to earn hard currency CFA francs. Import duties are intended to curb rice inflows to 50,000 tonnes, but low collection rates for these duties could undermine achieving this by the 2000 target date.

In order to diversify exports, particular attention is being paid to developing cotton, coffee, and other cashcrops, with farmers being encouraged to organize themselves to improve marketing opportunities. Cotton producer prices have been aligned with those of neighbouring Mali and the pesticides subsidy maintained; as a result, locally marketed output is expected to reach 10,000 tonnes in 1991-92.

Coffee production is also being made more remunerative for growers, with positive results: official exports rose in 1989-90 to 9,000 tonnes from 4,000 tonnes the previous year. Rubber and oil palm have been under development since 1987 on the Nzérékoré plains near the borders with Liberia and Côte d'Ivoire, but plans to export rubber by 1996 depend on peace in Liberia whose capital, Monrovia, is the nearest port and therefore cheapest outlet.

Guinea is depending on external financing to revive its fruit crop exports, particularly of pineapples where production levels of 10,000 tonnes in 1990 were a tenth of the peak achieved in 1971. Banana production has

lending has consistently accounted for over a third of the total.

A significant factor in the slow pace of private sector development has been the government's troubled privatization programme. After a widely criticized initial phase, the programme is now stalled, in part for lack of investor interest. Out of more than 130 state enterprises, half were liquidated or sold, mainly to French and other foreign interests, with a haste which many Guineans criticized as "negligent disposal" of national assets. Despite the very low prices charged for state firms, with only "symbolic" prices for the physical assets of liquidated companies, buyers still owed the government more than GF9 bn in 1991. The World Bank also noted the generous tax exemptions, and in some cases the monopoly rights, granted to the buyers, all in contravention of the investment code. Few of the privatized companies are running efficiently, and the expected gains in public revenue, growth of private sector production and job-creation have not materialized.

The Guinean government continues working to complete a regulatory framework designed to mobilize investment and facilitate productive private enterprise. An important but long-delayed step is the promulgation of new land tenure laws which donors have set as a condition for increasing their aid to private sector development. They point out that Guinean entrepreneurs need the fixed asset of land as collateral, and that foreign investors consider security of tenure a prerequisite for going into such areas as agro-industry and mining. Just last December, one minister said publication of the new laws was "imminent", but nothing further had happened by end-March this year.

Donors have also expressed concern over Guinea's capacity to make use of available foreign credits aimed at supporting private sector development. Besides the government's financial problems which hamper its ability to raise counterpart funds, the process of awarding contracts has also been described as unduly lengthy. The World Bank is currently helping to set up more transparent and efficient tendering and procurement procedures.

## Guinea: economic indicators

| | 1980 | 1984 | 1985 | 1986 | 1987 | 1988 | 1989 | 1990 |
|---|---|---|---|---|---|---|---|---|
| **GDP at current market prices (GF bn)** | 1,764 | 1,981 | 1,982 | 2,013 | 2,106 | 2,430 | 2,751 | 3,002 |
| **Real GDP growth (%)** | 3.4 | -2.7 | 5.1 | 5.0 | 5.9 | n.a. | 4.3 | 4.3 |
| **Merchandise exports ($mn)** | 500 | n.a. | 514 | 604 | 628 | 603 | 721 | 843 |
| **Merchandise imports ($mn)** | 339 | n.a. | 396 | 462 | 491 | 592 | 577 | 664 |
| **Current account balance ($mn)** | -9 | n.a. | -69 | -56 | -74 | -209 | -147 | -182 |
| **Gross budget deficit/GDP (%)** | -4.0 | -3.9 | -24.2 | -5.0 | -4.0 | -6.0 | -4.6 | -2.8 |
| **Gross investment/GDP (%)** | 15.8 | 10.1 | 9.4 | 17.5 | 16.8 | 19.5 | 18.4 | 17.4 |
| **Total external debt ($mn)** | 1,117 | 1,226 | 1,438 | 1,735 | 2,036 | 2,220 | 2,176 | 2,496 |
| **Debt service ratio (%)** | 19.8 | 22.5 | 14.0 | 11.9 | 25.6 | 20.1 | 15.2 | 8.3 |
| **Official development assistance per capita ($)** | 18.3 | 21.7 | 21.9 | 28.9 | 34.4 | n.a | 62.2 | n.a. |
| **Bauxite production (mn tonnes)** | 13.0 | 14.7 | 14.0 | 14.8 | 16.3 | 16.8 | 17.5 | 17.5 |
| **Food production per capita (1979-81=100)** | 102 | 93 | 91 | 92 | 91 | 90 | 88 | 87 |
| **Inflation rate (%)** | n.a. | n.a. | n.a. | 72.0 | 32.7 | 28.0 | 28.0 | 27.1 |
| **Exchange rate (average GF per dollar)*** | 18.9 | 24.1 | 24.3 | 333.4 | 428.4 | 474.4 | 591.6 | 660.2 |

Sources: World Bank, Economist Intelligence Unit, UNICEF, OECD  * March 1992 GF 900=$1

been practically abandoned, with the port of Benty, once virtually devoted to banana exports, now standing idle.

Another potential source of export revenue and nutritious supplies for the local market is Guinea's rich fishing waters which yield over 150,000 tonnes a year from industrial and small-scale fishing. Guinea has derived little benefit from these assets in the past. Foreign trawlers have profited from lax controls to over-fish while delivering less than the agreed portions of their catch to the local market.

Fish consumption is, in any case, low for the sub-region, 7.2 kilograms per capita in 1989, less than half of individual consumption in Sierra Leone and less than a third of consumption in Côte d'Ivoire, Senegal and Ghana.

*In the 1986-90 period, health and education received an average of just 3 and 11 per cent respectively of the budget, while defence received 29 per cent.*

In 1986, the government took up majority shares in Nouvelle Soguipêche, a joint venture with a French company to develop marine fishing as well as processing facilities for local and export markets. The company has been a loss-maker, though management reforms and the purchase of new equipment are designed to turn it around. A French agency has been conducting studies on the development of artisanal fishing, both offshore and in Guinea's deltas, rivers and mangrove swamps, along with training Guineans in improved management of offshore fish resources.

### Concerns for the future

Amid the parlous state of government finances, Guinea is also facing a build-up of social problems, not the least of which concerns the rising frustrations of its youth. Some 45 per cent of the population is under 15 years old. Many are already dependent on an unstable informal sector for income. Stagnation in the private sector has meant a dearth of modern sector job opportunities for school-leavers and graduates deprived of the previously near-automatic entry into the public sector.

The government plans to strengthen its social policies, paying particular attention to cushioning the impact of adjustment reforms on vulnerable sections of the population. This involves a marked increase in budget allocations to social spending: in the 1986-90 period, health and education received an average of just 3 and 11 per cent respectively of the budget, while defence received 29 per cent.

The task is enormous. Besides high illiteracy (particularly among females), school enrolment rates have been falling from already low levels, particularly at the secondary level, with shortages of both schools and qualified teachers. By 1988, primary school enrolment rates for boys stood at 42 per cent and at 19 per cent for girls, both down on 1980 levels. Health care is also marked by shortages of facilities: 75 per cent of Guineans live in rural areas, but less than half of them have access to any medical services and only a third have access to clean water.

Against this difficult background, Guinea must pursue growth and development with an economy still dependent on the enclave mineral sector for export revenue. Price prospects for its major export, bauxite remain poor, while radical political changes in its major customer, Russia, add another element of uncertainty to an already difficult situation. In this context, and with export diversification schemes — with the possible exception of fishing — needing time to generate significant revenues even if successful, foreign aid for development spending remains essential.

Such spending will continue to be high. Links need to grow between sectors, but these in turn depend on improving and maintaining the transport and communications infrastructure. The Conté government continues to face the demands of foreign creditors and of Guineans at home and abroad for more effective administration. To the legacies of the Sékou Touré regime have been added the burdens of a difficult structural adjustment process. Easing these burdens is a task that will preoccupy Guinea's leaders for many years to come. ■

# UNDP stresses the longer term

*Building consensus on national priorities*

The UN Development Programme (UNDP) is gearing up to help African countries formulate national long-term perspective studies which will be used to set priorities for and guide more immediate policy-making. UNDP has set up a task-force under former Cape Verde Planning Minister José Brito to offer advice to countries undertaking the studies. Some six countries, including Botswana and Ghana, are expected to take the lead in preparing national long-term perspective studies (NLTPS).

UNDP officials stress that the studies are not seen as a substitute for adjustment, but as a means of placing such reforms in a necessary longer time frame. "Too many countries are not being governed, they are simply being run," one official comments, referring to the pattern of crisis management which many governments are forced to practice because of continuing economic problems.

The NLTPS offers the chance of building a national consensus around a series of long-term goals and priorities, which can be used to guide and inform more short-term decision-making, UNDP officials say. The concept was initially discussed at the July 1990 conference between senior African and donor officials held in Maastricht, the Netherlands. There it was proposed that UNDP would act as the lead agency for the initiative, which is also backed by the UN Economic Commission for Africa, African Development Bank and the World Bank. African planning and finance ministers endorsed the NLTPS programme at a meeting in Abidjan in July.

UNDP will offer advice and technical and some financial support to countries undertaking NLTPS. But officials emphasize that, to be successful, the studies must be a national exercise, carried out by Africans themselves. Countries undertaking an NLTPS are expected to set up an organizational structure that will ensure the widest possible participation in the scheme. The NLTPS is conceived as "bringing together" a wide cross-section of society — government, trade unions, women's groups, students, private enterprise — to form a consensus on the country's direction and needs. At a time when fundamental political change is sweeping across much of the continent, the NLTPS is seen as one way to ensure that all sectors of society are involved in determining fundamental questions on the direction of the economy, although democratization could also complicate the NLTPS process, officials concede.

UN/Milton Grant

*The central role of women in the development process must be reflected in national long-term planning.*

### Common themes

While the national focus means that each NLTPS will reflect that country's particular situation, a number of broad themes are expected to be common to many of them. These include population, environment, governance, womens' issues, culture, institutional capacity and regional cooperation. Structural adjustment programmes would be expected to fit into the broader, longer-term national strategy, once it was formulated, one official comments.

The NLTPS will form an important part of UNDP's operations in Africa during its fifth inter-country programme for the region, which runs from 1992-96. UNDP expects to spend more than $1.5 bn in the region during this period, Administrator William Draper told a 25-27 November meeting with African planning and finance ministers held in Windhoek. The meeting discussed a number of issues which are expected to be major themes during UNDP's next five year lending cycle, including regional cooperation, environment, science and technology, AIDS and maternal mortality, as well as the NLTPS. These had been the subjects of a series of regional cluster meetings with ministers in July, organized by UNDP.

AIDS now represents perhaps the most serious threat to development in Africa, Mr. Draper told the Windhoek meeting. Dr. Michael Merson, Director of the World Health Organization's (WHO's) Global Programme on AIDS, said the epidemic could claim up to half of all national expenditure on health in high prevalence countries in Africa. Dr. G. L. Monekosso, Director of WHO's Regional Office for Africa, stressed that AIDS was a development problem as well as a health one. UNDP is to assist countries in assessing and anticipating for the impact of AIDS on national development plans, officials say.

Among other issues at the Windhoek meeting, ministers stressed the need for regional integration to be taken into account in programme planning, including in the NLTPS. They also discussed the strengthening of UNDP's Round Table process, which facilitates dialogue between a country and its donors on policy and cooperation issues. A number of countries in Windhoek expressed their interest in participating in Round Tables.

Finally, ministers discussed an appraisal of the 1986-90 UN Programme of Action for African Economic cooperation and Development (UNPAAERD) and the question of follow-up action carried out at earlier cluster meetings. This concluded that UNPAAERD achieved only limited success, mainly because of inadequate resources for the programme. ■

# Africa's environment agenda

*from page 1*

the African delegates who came to UN headquarters in March for the final round of preparatory meetings for the summit, which is shaping up to be the broadest and highest-level international conference yet held on environmental issues. A "Rio Declaration" and a comprehensive programme of action, Agenda 21, are expected to be adopted at the Rio summit, which will be attended by many heads of state.

While most donor countries have so far been reluctant to make specific financial commitments, they have nevertheless conceded that Africa and other developing regions will require "new and additional resources" if Agenda 21's ambitious programmes are to be carried out. Some, such as Norway's Minister of Development Cooperation Grete Faremo, have stressed in particular that "Africa deserves special attention in the UNCED process," given the severity of its environmental and development problems and its extremely limited financial capacity.

### 'Legitimate rights' to development

For African governments, it is the "legitimate rights" of their peoples to health, development and a healthy environment that take precedence, declared Côte d'Ivoire's Minister of Environment Ezan Akele, in presenting the "African Common Position on Environment and Development" to the preparatory meetings.

WFP/M. Cherry

*A women's association in Diamou, Mali, tending newly planted trees to counter the effects of desertification.*

While recognizing that Africa's commitment to sustainable development "calls for the use of our own resources in new and innovative ways," Africa nevertheless needs additional assistance from its development partners, Dr. E.O.A. Aina, Director of Nigeria's Federal Environmental Protection Agency, told a 29-30 March meeting on the "African Common Position" sponsored by the UN Department of Economic and Social Development and the Washington-based Global Coalition for Africa (GCA). This assistance, Dr. Aina said, should include substantial debt relief as well as additional resources for the implementation of the Agenda 21 programmes.

Similar points were stressed by Guinea-Bissau's Minister of Rural Development and Agriculture Mario Cabral and Gabon's Minister of Tourism and Environment Pépin Mongockodji. Mr. Cabral warned the developed countries that no "oasis of prosperity" can last forever if it is "surrounded by increasing poverty."

Developing countries can either develop through the same environmentally damaging methods used by countries in the North, argued Senegal's Minister of Tourism and Environmental Protection Jacques Baudin, or they can develop on a more sustainable basis, using new "environmentally friendly" technologies. These, however, are now usually available at costs that few African countries can afford.

African delegates acknowledged Africa's responsibility to also help resolve global environmental problems and preserve humanity's "common heritage." Mr. Ouali observed, however, that each country will view environmental protection in the light of its own particular situation. Under conditions of poverty and illiteracy, he said, ecological problems are still far from the immediate preoccupations of many Africans.

"How do you manage resources sustainably in a situation where there's massive poverty, where there's no development?" asked Peter Ngobese, environmental programme director of ZERO (Zimbabwe Environmental Research Organization) — Regional Network of Environmental Experts, a non-governmental organization (NGO) that has been actively involved in the African consultations leading up to Rio.

### Focus on desertification

The problem of desertification in particular threatens the economic development of many African countries, stressed Burkina Faso's Mr. Ouali, whose own country, in West Africa's Sahel region, has experienced considerable loss of farmland. Despite more than a decade of action against desertification in the Sudano-Sahelian region, Mr. Ouali noted, the situation has worsened as a result of population growth and the overexploitation of natural resources.

According to recent estimates by the Nairobi-based UN Environment Programme

(UNEP), nearly three-quarters of Africa's drylands — which themselves comprise more than half the continent's total land area — are now affected by moderate to very severe degrees of desertification.

Until the most recent round of preparatory meetings for the UNCED summit, however, desertification received only limited attention, despite efforts by African delegations to press

*The "African Common Position" on environment and development was the focus of an informal meeting on 29-30 March at UN headquarters sponsored by the Global Coalition for Africa and the UN's Department of Economic and Social Development. Listening to the discussion, from the left: Director of Environment Jérôme Karimumuryango of Burundi, Minister of Environment Mihyemba Ouali of Burkina Faso and Assistant Minister of Local Government, Land and Housing B. Mokgothu of Botswana.*

the issue. Some donor countries suggested that problems of land degradation could best be addressed through national plans.

This contrasted with the considerable international concern expressed over deforestation. Since tropical forests help absorb excess carbon dioxide (80 per cent of which is emitted by the industrialized countries), their preservation has been seen as a key line of defence against severe climatic change resulting from global warming.

However, African delegates pointed to the inconsistency of not considering desertification in a similar light. Mali's Minister of Agriculture and Environment, Sy Maimouna Ba, argued that desertification deserves a higher international priority, since its causes and consequences are also related to global warming. "Where do we draw a distinction between global and local environmental problems?" she asked.

With the aim of focusing African and international efforts on establishing green belts north and south of the Sahara and around the Kalahari Desert, the negotiation of an international convention to combat desertification was proposed at the November 1991 Abidjan meeting of African environment and development ministers that drew up the "African Common Position."

During the preparatory meetings in New York, Mr. Ouali and other African delegates reiterated the call for such a convention, and received a favourable reaction from some donors. Portugal's Secretary of State for Foreign Affairs José Manuel Durao Barroso, speaking on behalf of the European Community, said that the EC would support the rapid formulation of principles that could lead to an international convention on desertification.

Nigeria, on behalf of the African group, introduced a series of amendments designed to strengthen the portions of Agenda 21 dealing with desertification and drought. These put a greater stress on popular participation, environmental education, the role of women, the strengthening of national and regional capacities for gathering and analyzing environmental data, and eradicating poverty and developing alternative livelihoods for people affected by desertification.

The African group estimated the cost of the latter undertaking alone at some $3 bn a year (for all developing countries), while the projected financing required for programmes related more directly to desertification, land degradation, and reforestation has been put by UNCED at an additional $6.5 bn a year, nearly half of which would need to come from external sources.

### New financing critical

Such financing requests will face much competition in Rio. According to Mr. Maurice Strong, the Secretary-General of UNCED, the estimated total external concessional funding needed to implement all the programmes encompassed by Agenda 21 would reach $125 bn a year, or $70 bn a year on top of current development aid levels of about $55 bn annually.

"I realize that under today's conditions, this is

## Environment and trade

In seeking to address growing environmental concerns, it is vital that developed countries not resort to protectionist trade sanctions against countries with lower environmental standards, argues a new study issued by the General Agreement on Tariffs and Trade (GATT).

The imposition of unilateral trade barriers under the guise of environmental protection "would not necessarily help to solve the environmental problem," argues GATT's Director-General Arthur Dunkel. But it would exact "a high price in terms of disruption to international commerce." The GATT study, entitled *Trade and the Environment* and prepared for the Earth Summit in Rio, warns that a proliferation of such actions "would risk an eventual descent into chaotic trade conditions similar to those that plagued the 1930s."

On the question of deforestation, the GATT study argues that since the large rain forests in developing countries help absorb excess carbon dioxide in the atmosphere, those countries should receive financial compensation for their "carbon absorption services," which they in effect now provide free to the rest of the world. This would provide them with greater incentives to curb deforestation, and would be more effective than restricting trade in tropical lumber, which accounts for only a small portion of world deforestation.

On the broader issue of trade liberalization, some non-governmental organizations (NGOs) participating in the UNCED debates have criticized GATT's insistence that all countries, developed and developing alike, move towards elimination of their trade restrictions. In the context of an inequitable world economy and "a market controlled by a few cartels," argues Martin Khor, research director for the Third World Network, a coalition of environmental NGOs, eliminating all trade barriers would deprive developing countries of a means to safeguard their own natural resources and economies.

not politically realistic," Mr. Strong acknowledged. He hoped that the Earth Summit would bring initial commitments of at least "several billion dollars" per year in additional financing for Agenda 21 and for related activities on climate change and biodiversity, two areas in which separate conventions are being negotiated.

Mr. F. L. Schlingemann, head of the Netherland's Environment Programme, made a similar point at the meeting convened by the GCA, stressing that the Rio summit would only succeed if it gave a "clear financial signal," one sufficient to ensure a "solid start." Mr. Schlingemann, Ms. Faremo of Norway and Mr. J.C. Faure, Director of Development at the French Ministry of Development Cooperation, noted that if all donor countries raised their aid allocations to 0.7 per cent of gross national product, as recommended by the UN, much of the additional resources needed for Agenda 21 would become available.

Mr. David Schiele of the US Mission to the UN told the same meeting that the US "will do what we can to help Africa" mobilize enhanced financial resources. This could be done through increasing traditional aid programmes, he said, or by more innovative methods involving the private sector, since this is "an era of extremely tight resources."

### Debate on funding channels

The channels or mechanisms for the disbursement of any additional funding that might materialize was a matter of some debate during the UNCED preparatory meetings. The developing countries' Group of 77 initially proposed a new "Green Fund." Others, particularly from the donor side, suggested that the Global Environment Facility (GEF), established in late 1990, could be a suitable instrument for enhanced environmental funding.

Administered by the World Bank and overseen jointly with the UN Development Programme (UNDP) and UNEP, the GEF currently has resources to commit about $1 bn in grants and technical assistance for projects related to ozone depletion, global warming, biodiversity, and the pollution of international waters. Its first loan, early this year, went to Poland for forest preservation, another has been approved for a renewable energy project in Zimbabwe and several more are under consideration for Africa. Many NGOs and developing countries have questioned the World Bank's predominance in the GEF, however, given what they see as the Bank's mixed record on environmental issues.

Mr. Strong envisioned additional environmental funding going through a variety of channels, including a "modified" GEF. Some donor countries have lent their support to African calls for a restructuring of the GEF and an expansion of its concerns to include desertification.

Among the other possible channels of financing, Mr. Strong suggested including an "earth increment" in the current negotiations on replenishment of the World Bank's International Development Association (IDA), a proposal supported by the Nordic countries. He also proposed that new funding for the transfer to developing countries of environmentally sound technologies could in part be channelled through UNDP.

African countries have repeatedly signalled the importance of acquiring such new technologies. Their access is now hampered, however, by patents and other impediments, notes Mr. Abdelkader Gaid, Director of Environmental Studies at Algeria's Secretariat of State for Scientific Research.

African countries have also urged respect for their "sovereignty" over the continent's own biological resources. At a conference in Algiers in February they established a new African Agency for Biotechnology, which will try to strengthen African countries' capabilities in this area.

In light of the high costs associated with global environmental protection, African and other developing countries are anxious to ensure that the burden is not laid on the poorest countries, but on those, primarily in the industrialized North, that are most responsible for environmental degradation. The "African Common Position" affirms that "we expect our partners in global environmental management for sustainable development to adopt the polluter pays principle in ensuring that our participation is fruitful." ■

## African NGOs highlight people's concerns

In the Africa-wide discussions held over the past year to formulate common perspectives and proposals for the Earth Summit, African NGOs have been consulted much more extensively than just a year or two ago, says Mr. Peter Ngobese of ZERO, a Zimbabwean environmental NGO. Among other regional meetings, NGOs took part in the November 1991 Abidjan conference of environment and development ministers that adopted the "African Common Position." At the national level as well, NGOs in a number of countries have put forward their own proposals to their governments, as well as to UNCED.

Environmental sustainability should not just mean conservation of the physical environment, but also the sustainability of human resources, argue ZERO and another NGO, Environment and Development Activities-Zimbabwe. "There must be enough jobs, land, food and energy to meet people's basic needs while still sustaining the environment," they affirm in their report, *The State of the Environment: Zimbabwe*.

A particular problem facing the Zimbabwean people is "the inequitable entitlements to natural resources" resulting from colonial policies that allocated land along racial lines. In the communal land areas, where a large portion of the rural population was confined, over-utilization has contributed to severe soil erosion and deforestation. The rural poor therefore need "security of tenure and access to resources" if the cycle of poverty and environmental degradation is to be broken, say the two NGOs. They also criticize the Zimbabwean government's structural adjustment programme, which, by reducing funding to environmental programmes, "has institutionally marginalized environmental issues."

The Nigerian Environmental Study/Action Team (NEST) has similarly pointed out that some of that country's economic and development policies, associated with the rigours of structural adjustment and high debt-servicing obligations, have exacerbated pressures on the Nigerian environment. Besides incurring severe social costs, they have "greatly encouraged mineral production and natural resources exploitation to secure much-needed foreign exchange," worsening the depletion of timber stocks, land degradation and other problems, argues NEST in its UNCED report, *The Path to Sustainable Development in Nigeria*.

Environmental degradation can, in turn, bring serious economic losses, notes the Nigerian NGO. Citing World Bank estimates, it reports that losses associated with soil degradation, water contamination, deforestation, coastal erosion, gully erosion and losses of fish and other wildlife cost Nigeria roughly $5 bn a year.

Most of these problems hit ordinary Nigerians the hardest, states the report. In addition, because of the enormous number of tasks carried out by women, environmental degradation has a "gender bias," imposing on women a heavier burden than on men. NEST argues forcefully that popular participation in environmental and development issues needs to be greatly strengthened.

## Southern Africa

from page 3

the latest drought, which has affected the entire country south of the Zambezi, Cooperation Minister Jacinto Veloso has appealed for additional international aid for another 1 million people to "prevent mass fatalities." Critical levels of malnutrition are already being reported from many parts of the country.

**Support for Zambia**

Half of Zambia has been officially declared a disaster area and the country will need to spend at least another $300 mn for grain imports. The World Bank, pledging an extra $100 mn in balance-of-payments support for this purpose, has urged donors to give additional aid (see page 4). The drought comes at a difficult time for the new government which is implementing tough policies, including the removal of food subsidies.

Namibia's President Sam Nujoma has warned that his country faces "a crisis of unprecedented proportions," and declared a national drought emergency. Botswana, Lesotho and Malawi all expect serious crop losses as well. Tanzania has recently benefitted from widespread rains in its main producing areas in the south, although other regions have experienced crop failure; estimates of possible import needs over the next year are not yet available. Rainfall in Angola has been favourable overall, but efforts to resettle more than 1 million Angolans displaced by the war contribute to a food import requirement of 270,000 tonnes, more than a third of which will need to be in food aid.

Because of the exceptional quantity of food imports into Southern Africa over the year, officials of the UN's World Food Programme have expressed concern about the likelihood of congestion on the region's transport routes, including the possibility of bottlenecks at South African ports, through which much of the food will have to transit.

"There is a danger," said Mr. Regie Mugwara, the coordinator for food security of the Southern African Development Coordination Conference (SADCC), "that everyone will come asking for food aid at the same time." A report issued in March by SADCC emphasized that because of the large volumes of grain that will need to be moved and the uncertainty over the region's transport and storage capacity, "regional cooperation and coordination are of the essence." Close coordination is necessary within SADCC itself, the report affirmed, but also between SADCC countries and South Africa.

At the beginning of April, Zimbabwe Transport Minister Denis Norman visited Cape Town to discuss coordination of grain transport with his South African counterpart, a visit that marked an easing of Zimbabwe's injunction against ministerial contacts between the two countries. The meeting came just before the expected arrival of the first consignments of 544,000 tonnes of US and Argentine maize for Zimbabwe, which will be unloaded at the South African ports of Durban and Port Elizabeth, as well as at Beira in Mozambique. South Africa's railway corporation has announced that it is mobilizing 15,000 railway cars to speed grain deliveries, about half of them for shipments to Zimbabwe, Zambia and Malawi. ■

**Southern Africa's food gap**

| | Import needs, 1992-93 ('000 tonnes) |
|---|---|
| Angola | 270 |
| Botswana | 200 |
| Lesotho | 230 |
| Madagascar | 152 |
| Malawi | 500* |
| Mozambique | 1,000 |
| Namibia | 100 |
| South Africa | 4,000 |
| Swaziland | 100 |
| Zambia | 6-800 |
| Zimbabwe | 1,250 |

* Does not include food aid for Mozambique refugees
Source: FAO, as of March 1992

## SADCC

from page 5

*Africa Recovery*, Zambia's President Chiluba, who is now PTA Chairman, repeated his view that SADCC and the PTA should merge. President Chiluba argues that the changes now under way in South Africa have stripped away the defining purpose of SADCC, an organization set up in 1980, in part, to reduce dependence on that country. In its economic blueprint, *Economic Perspectives: Building a Firm Base*, the new Zambian government argues that "the aims of SADCC with the dismantling of apartheid in South Africa are no longer relevant," and, it insists, "PTA member states have agreed to move quickly and create a common market in the year 2000."

SADCC officials say there has been no detailed discussion in SADCC on a possible merger with the PTA. Instead, the draft treaty which would transform SADCC's status from its current loose association into a legal entity with binding commitments on members, is scheduled to be presented to heads of state at their next summit in Namibia in August. SADCC officials told *Africa Recovery* that the summit will now also discuss the PTA's proposed merger, which has been formally sent to SADCC.

Eight SADCC members — Angola, Lesotho, Malawi, Mozambique, Swaziland, Tanzania, Zambia and Zimbabwe — are also members of the PTA. A ninth, Namibia, has applied to join and its Prime Minister Hage Geingob attended the Lusaka summit. Zaire, which in the past has expressed interest in joining SADCC, announced in Lusaka that it would formally apply to become a member of the PTA.

At the Maputo meeting, donors expressed their support for SADCC's integration plans, though World Bank Vice President for Africa Edward Jaycox, along with stressing the importance of the private sector to this goal, warned that if integration was to be meaningful, individual SADCC countries must cede some of their sovereignty for the common good. ■

## UNCTAD VIII

from page 6

should not divert developing countries from their long-term objectives of economic integration. As these objectives included trade liberalization and private sector development, donors were urged to support integration processes with specific aid allocations.

Adjustment of UNCTAD structures saw the suspension for four years of its committees on trade-related finance and invisibles, manufactures, and technology transfer. New standing committees were set up on commodities, poverty alleviation, economic cooperation, and competitive services sectors. Ad hoc working groups will also operate in such areas as financial flows, privatization, and investment-related technology transfer.

The conference decided to hold a symposium on trade efficiency in 1994. Participants commended UNCTAD's technical cooperation programme which is automating customs procedures in 50 countries (the first was Mauritania), and installing computerized systems for exchanging trade information. UNCTAD said more efficient trade systems could yield global savings of $75 bn a year. ■

## Letter from Harare

By Djibril Diallo

A trip to an African country is incomplete without a visit to the countryside. When I was in Harare last October for the Commonwealth Heads of Government meeting, among the resolutions adopted by delegates from the 50 member states were some on the environment and development, democracy, children, and the economic crisis. After four long days of advocacy on behalf of children at the conference, I didn't refuse when Simomo Mubi, a Zimbabwe Television journalist, asked me to go with her to visit her aunt in the village.

It was an opportunity to see real life in Chiweshe, a small village some 100 km northwest of Harare. Indeed, the village was a window into the real Africa and the socio-economic conditions of our countries. It was also an opportunity to check the relevance of the Summit to the daily life of villagers.

That Sunday afternoon, it was about 104 Fahrenheit in the shade. For the village children, it was a good day to water the nurseries of the school garden. Aglon Marere, director of the primary school, is proud of his pupils who have won several prizes for reforestation in the region. Respect for nature in general and for trees in particular is part of the school curriculum for young Zimbabweans. Each child in Chiweshe is taught to be personally responsible for the maintenance of half a dozen trees which are usually planted in the family compound. Marere intends to grow 20,000 trees, which he hopes to supply to seven villages in the school's vicinity.

The other big news in the village is that Marere had just installed electricity in his school. Two years of hard work in gardening by teachers and pupils played a major role in bringing about the electricity, which will first be installed in teachers' homes. To attract the best teachers, Marere must provide them with clean, running water and electricity. The school director is happy because 17 of the 19 teachers in his school are fully trained. But running water is still a problem. There isn't even a well in the school yard: they have to fetch water from the village. However, the struggle is half-won. Marere dreams about the day when electricity will be installed in at least two classrooms for evening adult literacy classes.

As the bread basket of the country, this region pays particular attention to protecting the environment. It suffered considerable damage during the liberation war because some large farms were among the targets of the national liberation movements. Driven to the wall, the white minority regime of Ian Smith forced the Africans into reserves called "protected villages". The strategy used by Smith led to intensive tree-cutting by the people who had to build new homes and also needed fuelwood. The same needs had to be met after independence when the people returned to their villages. Reforestation is, therefore, a major priority.

I really enjoyed my stay in Chiweshe with Simomo's 76 year-old aunt, Amai Choguguza, who is still strong enough to work in the fields. Choguguza refuses to live in Harare, despite the insistence of her three sons who live and work there. She prefers to be in the village, close to the grave of her husband, who was the village chief. In Chiweshe, as in other villages, rural exodus continues to be a major problem, with men usually going to the cities to find work, leaving their wives and children behind.

### Homage to Sally

Africa's children are in mourning. They have lost one of their most ardent champions: Sally Mugabe. Simplicity, smiles, and service: these three words probably capture Sally's essence. More than Zimbabwe's First Lady, she was known to everybody as "Amai", or "Mother of the Nation" in Shona. The news of her death came as a shock to everybody; but I want to go beyond the sadness and separation to celebrate the life and the smile of this woman. Her struggle alongside her husband for the liberation of her adopted country has been coveredelswhere, so here are a few memories...

A few years ago, Sally was in New York with her husband and I had to contact her. Over the telephone, I asked to speak to Madame Mugabe. "Madame is busy, but I can take a message. I am her secretary." Before I finished giving the message, the male voice interrupted me: "Hold on, Madame is coming." Imagine my surprise when Sally told me that her "secretary" was none other than Robert Mugabe!

Harare; March 1988: an important date for this country hosting a symposium on the situation of children in Southern Africa. Organized by the Zimbabwe Foundation for Child Survival and Development — a new NGO set up for this goal — and UNICEF, the conference brought together artists, intellectuals, religious leaders, politicians, journalists, children, and militant friends. Harry Belafonte, Cicely Tyson, Lisbet Palme, Oliver Tambo, Manu Dibango, Hugh Masekela, Desmond Tutu, Alan Boesak, Ali Mazrui, Graca Machel (then Mozambique's National Education minister) and the 150 Mozambican children who came to testify on war, violence and senselessness. With such a gathering of personalities, one expected some monstrous protocol. Yet, the symposium proceeded with total simplicity, thanks to Sally taking charge of things, even cooking Ghanaian dishes every day for the organizing committee.

She often visited the symposium secretariat, encouraging us with a smile and a gentle word of support for UNICEF's work on behalf of the world's children, especially African children. When as chairperson of the Foundation, she invited President Mugabe to open the symposium, she said: "This is the first time I have seen a First Lady chair an international conference and give the floor to the Head of State!". The audience burst out laughing. It was an engaging image of a couple whose lives had been scarred, but remained solid.

Sally loved children and the feeling was mutual. Take the primary school whose pupils sent her a cheque for US$130 to help organize what Zimbabweans were convinced would be an important event in the life of the country's children. Spurred by Sally's energy, determination, and smile, the Foundation has made such progress that today, it has a sizeable budget from voluntary contributions and fundraising organized by...Sally. Active at district, provincial and national level, the Foundation has set up various projects for women and children, whether they are handicapped, or refugees, or simply in need of emergency help. The projects range from sinking wells in schools, and sending blankets to Mozambican child refugees, to the "adoption" by private sector companies of children living in Foundation homes.

"Thanks to the support of friends and interested individuals, we have done a lot in recent years for our children. But we are still challenged by the various dangers, and we must accelerate our self-help and other programmes which help our children learn to survive. Our children must learn how to live and not how to die. The Foundation sends you its best wishes for 1992. Yours in friendship, Sally Mugabe." That letter was written 10 days before Sally left us...showing that she was fighting to the end. ■

**The African Baobab is one of the world's hardiest trees, thriving in even the most arid environment. It is also the tree under which some Africans traditionally meet to decide issues of common concern.*

# AFRICA AGENDA

## FORTHCOMING EVENTS

**8-10 April, Providence, Rhode Island, US: Fifth Annual Hunger Research Briefing and Exchange.**

**13-19 April, Lilongwe, Malawi: First Country of Asylum and Development Aid,** a workshop organized by the York University Centre for Refugee Studies.

**20-24 April, Windhoek, Namibia: ECA Council of Ministers meeting.**

**21-24 April, London, UK: World Commission on Environment and Development**. The Bruntland Commission reconsiders issues it reported on in 1987.

**22-25 April, Valetta, Malta: Social Dimensions of Environment and Sustainable Development**, a conference held by the UN Research Institute of Social Development.

**26-30 April, Monrovia, Liberia: Liberia's Reconstruction and Development** is an international conference jointly convened by the New African Research and Development Agency (comprising over 40 Liberian NGOs) and Liberia's Ministry of Planning and Economic Affairs.

**27-28 April, Washington, US: Spring meetings of the IMF Interim Committee and the IMF/World Bank Joint Development Committee.**

**8-9 May, Kampala, Uganda: Meeting of the Global Coalition for Africa's Advisory Committee.**

**11-23 May, Bogor, Indonesia: Use of Remote Sensing in Monitoring Deforestation and Reforestation,** an international workshop organized by UNESCO's Man and the Biosphere programme.

**12-14 May, Dakar, Senegal: Annual meeting of the African Development Bank.**

**18-30 May, Rio de Janeiro, Brazil: World Conference of Indigenous Peoples on Environment and Development.**

**3-14 June, Rio de Janeiro, Brazil: UN Conference on Environment and Development.**

**5 June, Washington, US: After the Cold War: Will the US Abandon Africa and the Caribbean?** is the theme of the 11th annual foreign policy conference of the TransAfrica Forum.

**14-17 June, Washington, US: ECO World '92**, an international conference and exhibition.

**16 June: Day of the African Child**, with various events from 9-17 June organized at UN headquarters and in many world capitals by UNICEF, its national committees, together with governments and NGOs.

**22-26 June, Rome, Italy: FAO Desert Locust Control Committee meeting.**

**27 June, Pittsburgh, US: "Democratization in Africa: Economic and Social Challenges"**, is an international forum organized by the United Church of Christ.

**29 June-1 July, Dakar, Senegal: Organization of African Unity summit meeting.**

**6-8 July, Munich, Germany: Summit of the Group of Seven** leading industrialized countries, and **The Other Economic Summit** of alternative analyses and recommendations.

**19-24 July, Amsterdam, Netherlands: 7th International Conference on AIDS** sponsored by the UN.

**27 July-21 August, Norwich, UK: Planning for AIDS and HIV in Developing Countries** a workshop organized by the Overseas Development Group at the University of East Anglia.

**15-25 September, Brisbane, Australia: 2nd International Symposium on Integrated Land Use Management for Tropical Agriculture**, sponsored by the Queensland Department of Primary Industries.

**15 September-December, New York, US: 47th session of the UN General Assembly**.

**22-24 September, Washington, US: Annual meeting of the Boards of Governors of the International Monetary Fund and the World Bank.**

**24-28 September, New Delhi, India: Global Forum on Environmental and Development Education.**

**17-21 October, Toronto, Canada: World Congress on Education and Communication on Environment and Development** organized by UNESCO.

**5-11 December, Rome, Italy: International Conference on Nutrition**, held by the Food and Agriculture Organization and the World Health Organization.

## WHAT'S TAKEN PLACE

**11-14 September 1991, Seattle, US: SADCC Business Mission**.

**17-26 September, Paris, France: Tenth World Forestry Conference: Forests, A Heritage for the Future**.

**29 October-1 November, Gaborone, Botswana: Global Environment Facility workshop.**

**11-14 November, Abidjan, Côte d'Ivoire: ECA Ministers and Experts Meeting,** adopted the African Common Position on Environment and Development.

**25-27 November, Windhoek, Namibia: African Planning Ministers meeting** sponsored by UNDP and ECA.

**5 December, New York, US: The Cost of AIDS** was discussed at the UN to mark World AIDS Day.

**9 December, Dakar, Senegal: Summit of the Islamic Conference Organization.**

**16-19 December, Dakar, Senegal: Sixth International Conference on AIDS in Africa.**

**17-20 December, Paris, France: Global NGO Conference** to prepare for the June Earth Summit.

**28-29 January, Khartoum, Sudan: Rural Credit seminar** held jointly by UNDP and the Sudanese government.

**29-31 January, Maputo, Mozambique: Annual Consultative Conference of the Southern African Development Coordination Conference (SADCC).**

### Private sector key to African growth

Irreversible and positive changes are taking place in Africa's economic and political management, said Mr. Babacar Ndiaye, president of the African Development Bank (ADB), at a high-level international conference held in London on 13 January. Stressing the potential for private sector-led economic growth in Africa, Mr. Ndiaye told African and Western government, multilateral and private sector participants at the conference, "Africa 2000: The Road to Recovery" that economic integration was also essential to private sector development in Africa.

Sir William Ryrie, International Finance Corporation executive vice-president, described private sector growth as "absolutely central" to African recovery, while other speakers noted that entrepreneurs must also show individual dynamism. Speakers at the conference, which was sponsored by the ADB, Oxford International Institute, Standard Chartered Bank, the Wall Street Journal (Europe) and Africa Analysis, included senior representatives of the British and Tunisian governments, the European Commission, African Capacity Building Foundation, France's Caisse Centrale de Coopération Economique, and Meridien BIAO.

**30-31 January, Lusaka, Zambia: Summit of Heads of State and Government of the Preferential Trade Area for Eastern and Southern African (PTA).**

**8-10 February; Sao Tomé: Tenth African Lusophone Summit** of the presidents of Angola, Cape Verde, Guinea Bissau, Mozambique, and Sao Tomé-et-Principe.

**8-25 February, Cartagena de las Indias, Colombia: Eighth Conference of the UN Conference on Trade and Development.**

**24-28 February, Dakar, Senegal: International Conference on Nutrition regional preparatory meeting for West Africa.**

**25-26 February, Geneva, Switzerland: Summit on the Economic Advancement of Rural Women,** organized by the International Fund for Agricultural Development.

**2 March-3 April, New York: 4th session of the Preparatory Committee for the Earth Summit in June.**

**20-25 March, Arusha, Tanzania: Inaugural meeting of the African Elder Statesmen Council for Peace** comprising selected former heads of state, current heads of Africa institutions and other eminent Africans; **High-Level Experts Group Meeting on Processes of Transition to Democracy in Africa** also organized by the Africa Leadership Forum. **Internal Conflicts in Africa: In Search of Response** was also discussed in Arusha at a high-level consultation on 23-25 March held by the International Peace Academy.

# AFRICA BOOKS

**Greenwar: Environment and Conflict** (Panos Institute, London; 1991; £7.95); **Zimbabwe's Environmental Dilemma: Balancing Resource Inequities** ed. Sam Moyo (ZERO, P.O. Box 5338, Harare; 1991). The first book presents the causes of environmental degradation, famine, and conflict through analysis, observation and oral history gathered by 11 writers from nine Sahelian countries. The second, produced by the Zimbabwe Environmental Research Organization, a network of specialists in the SADCC region, marshals analysis and plentiful data to make the case for major land reform in order to resolve conflict over natural resources and avoid ecological disaster in Zimbabwe.

**Global Warming: Who is Taking the Heat:** by Gerald Foley (Panos Institute, London; 1992; £4.95); **The World Bank and the Environment: A Progress Report, Fiscal 1991**; **The Forest Sector: A World Bank Policy Paper** (World Bank, Washington; 1991).

**The IMF in the 1990s: Forward to the Past or Back to the Future?** by Graham Bird; **What Can We Know About the Effects of the IMF Programmes?** by Tony Killick, Moazzam Malik and Marcus Manuel; **Country Experiences with IMF Programmes in the 1980s** by Tony Killick and Moazzam Malik (Overseas Development Institute Working Papers 46, 47, 48; London; 1991; £3.50 each).

**Democratizing Development: The Role of Voluntary Organizations** by John Clark (Kumarian Press, 630 Oakwood Ave, West Hartford, CT 06110-1505, USA; and Earthscan, London; 1991; $16.95). **The World Bank and Cooperation with NGOs** by Ann Thomson (CODE, Ottawa; 1992; $23.20). John Clark, long with Oxfam (UK) and now with the World Bank, argues that NGOs must enlist expertise for a strategic challenge against the inequitable orthodoxies of official aid, and promote structural transformation – not merely adjustment – in both North and South. Ann Thomson provides a usefully concise guide to the World Bank for NGOs while recommending caution in dealing with the "most powerful development agency in the world."

**Economic Policies for a New South Africa** eds. Desmond Lachman, Kenneth Bercuson (International Monetary Fund Occasional Paper 91; Washington; 1992; $10).

**Trade and Development in Sub-Saharan Africa**, eds. Jonathan Frimpong-Ansah, S.M. Ravi Kanbur and Peter Svedburg (Manchester University Press, Manchester and New York; 1991; $59.95) contains technical discussions on export policies and performance, and case studies of Tanzania, Nigeria, Ghana, Côte d'Ivoire, Kenya and Zimbabwe.

**The GATT Uruguay Round: Effects on Developing Countries** by Sheila Page, Michael Davenport and Adrian Hewitt (Overseas Development Institute, London; 1991; £12.50).

**The Political Economy of Third World Intervention: Mines, Money and US Policy in the Congo Crisis** by David N. Gibbs (Chicago University Press, Chicago; 1991; $34.50). **Le dinosaure: Le Zaïre de Mobutu** by Colette Braeckman (Fayard, Paris; 1992; FF 120). Using recently declassified documents, the first book re-examines Belgian, French and US motives and actions in Congo in 1960, while Ms. Braeckman, possibly Europe's leading journalistic authority on Zaire, analyses 30 years of President Mobutu.

**Free at Last? US Policy toward Africa and the End of the Cold War** by Michael Clough (Council on Foreign Relations Press, New York; 1992; $14.95).

**Mosaic or patchwork? Canadian policy toward sub-Saharan Africa in the 1980s** by Andrew Clark (North-South Institute, and Partnership Africa Canada, Ottawa; 1991; $12).

**Africa Meeting the Challenge: Action Needed to Remove the Obstacles to Sustainable Development** (Oxfam UK and Ireland Briefing Paper; 1991).

**Reaching the Top: Women Managers in Eastern and Southern Africa** by Laketch Dirasse (Eastern and Southern African Management Institute, Box 3030, Arusha, Tanzania; 1991; $10; $20 outside Africa).

**Africa News**, the fortnightly US-based newsletter, is now available by fax from 919-286-2614.

**Global Coalition for Africa Documents on: Development, Democracy and Debt** (free for European and African NGOs from Netherlands Ministry of Foreign Affairs, DAF/GCA, P.O. Box 20061, 2500 EB The Hague, The Netherlands).

**Aspects of Exchange Rate Determination** (United Nations, New York; 1991; $16.95) **Stabilization and Adjustment** (United Nations, New York; $19.50). Contain papers from two seminars held in 1990 by UNDP's Structural Adjustment Advisory Teams for Africa (SAATA).

**The Toronto Summit and Sub-Saharan African Countries** by George C. Abbott (excerpt from the *African Review of Money Finance and Banking*, No.1, 1991; Finafrica, Via S. Vigilio 10, 20142 Milan, Italy).

**The Political Economy of Hunger, Vol.1: Entitlement and Well-Being** eds. Jean Drèze, Amartya Sen (Oxford University Press, New York; 1990; $79).

**Agrarian Policies and Rural Poverty in Africa** eds. Dharam P. Ghai and Samir Radwan; **Gender and Population in the Adjustment of African Economies: Planning for Change** by Ingrid Palmer; **Civil Service Pay in Africa** by Derek Robinson (International Labour Office, Geneva; all $22).

**Women's Roles in Maintaining Households: Poverty and Gender Inequality in Ghana** by Cynthia B. Lloyd and Anastasia J. Brandon (International Centre for Research on Women, Washington, 1991; $5.50).

**The Democratic Transition in Africa: An End to the One-Party State?** by Stephen P. Riley (Research Institute for the Study of Conflict and Terrorism, London; 1991; £7.50).

**Economic Development in Ethiopia: Agriculture, the Market and the State** (OECD Development Centre, Paris; 1991; $36).

**Building Independent Mass Media in Africa** by Robert Martin (Commonwealth Association for Education in Journalism and Communication, Ontario; 1991)

## Analysing Africa's debt burden

**African Debt Revisited: Procrastination or Progress?** by Percy Mistry (Forum on Debt and Development, Noordeinde 107a, 2514 GE The Hague, The Netherlands; 1991; $10)
**The Crumbling Facade of African Debt Negotiations: No Winners** by Matthew Martin (Macmillan, London; St. Martin's Press, New York; 1992; £50)
**The Poverty of Nations: A Guide to the Debt Crisis, from Argentina to Zaire** eds. Elmer Altvater, Kurt Hübner, Jochen Lorentzen, Raúl Rojas (Zed Books, London; 1991; £32.95 hb, £12.95 pb)
**Lent and Lost. Foreign Credit and Third World Development** by Cheryl Payer (Zed Books, London and New Jersey; 1991; $15).
**Odious Debts: Loose lending, corruption and the Third World's environmental legacy** by Patricia Adams (Earthscan, London, Toronto; 1991; £8.95)

These five interesting books provide important background to African and developing country debt. Some also seek expressly to dispel the myths in order to mobilize the political will needed to transform the debt industry. Percy Mistry, for example, in perhaps the most concise and data-filled publication on African debt currently available, shows that debt relief to Africa from bilateral rescheduling and from multilateral new money flows to North Africa were largely absorbed by debt servicing to private creditors. Mistry's study analyses each category of African debt, clarifying the figures, and argues strongly for political action towards a comprehensive strategy of debt-reduction.

Cheryl Payer challenges the notion that developing countries are "natural" importers of capital. She points out that excessive lending in the 1970s logically resulted, from the onset of the debt crisis in 1982, in net capital exports from developing countries to industrialized countries. Patricia Adams in turn argues that instead of caring and constructive interventions, IMF, World Bank, bilateral and private lending to some corrupt regimes in developing countries has led to economic and environmental damage.

Payer recommends among other things an international and public register of all loans to help spring what she previously called the "debt trap". The Guide to the Debt Crisis looks at the international and local impact of various magnitudes of debt (US, Zaire, South Africa, for example) and calls for democratic regulation of the irrationalities of international finance. Matthew Martin examines African negotiations with multilateral, bilateral, and commercial creditors, finding no winners in the process, before discussing recent attempts at progress.

# AFRICA IN BRIEF

## ADB's private sector drive gets under way

The African Development Bank's drive to promote the private sector has got underway with two ventures into banking. Last December, the ADB took a $7.5 mn equity stake in Meridien BIAO, a new holding company that will operate a network of banks in 16 West and Central African countries. The ADB's 10 per cent holding is part of a $75 mn capitalization of the network, formerly owned by the French Banque Internationale pour l'Afrique Occidentale, and Meridien International Bank, which also plans to open branches in Ghana and Gambia. This was the first investment made by the ADB's new private sector window, the second being a DM2.1 mn loan to Moroccan-based Carogum, an export-oriented, carob-growing and processing venture.

ADB President Babacar Ndiaye

Another holding company, the Nigerian Trust Bank set up in February by the ADB and the Nigerian government using Nigerian Trust Fund (NTF) resources, is to buy the assets of Bank of Credit and Commerce International (BCCI) branches in Côte d'Ivoire, Niger, Senegal and Togo, and run them independently of other BCCI banks. Following the collapse of BCCI's international network, the ADB identified viable African branches, and has made an investment that ADB president Babacar Ndiaye predicts will be profitable, with "an important multiplier effect", rescuing many individual, commercial, industrial and institutional clients from potential ruin.

The ADB and the Nigerian government have also decided to shift the focus of NTF activities from project financing towards intra-African and export trade financing, and private sector promotion. Some $150 mn of the NTF's total assets of $400 mn will be allocated to the new objectives, which include setting up a database on trade financing opportunities in Africa, and an informal network of international institutions to cofinance African trade deals.

In another move, Senegalese small and medium-size enterprises (SMEs) are to benefit from a $136 mn ADB loan which will finance external procurement for new businesses or for rehabilitating and expanding existing SMEs. The loan also requires local procurement of at least 30 per cent of raw material inputs. ■

## GATT: Give Ghana better market access

Developed countries should ensure better market access and stable trading conditions for small developing countries such as Ghana, says a recent report from the General Agreement on Tariffs and Trade (GATT). Predicting that economic unification in the European Community which takes over half of Ghana's trade is "likely to lead to a loss of Ghana's preferential position under the Lomé Convention," GATT urges Ghana's trading partners to improve market conditions for its exports, but does not make specific proposals.

Although manufacturing output rose 80 per cent between 1983-90, cocoa, gold and timber products still account for nearly 75 per cent of Ghana's export receipts. This narrow export base, says GATT, limits Ghana's benefits from the Generalized System of Preferences, a set of bilateral arrangements granting special market access for certain export goods. Falling world cocoa prices contributed greatly to a 41 per cent worsening of Ghana's terms of trade in the 1987-90 period, and to a negative trade balance, despite an average 10 per cent annual rise in export volumes since 1983.

Although Ghana fully eliminated import controls by January 1989, GATT criticizes the maintenance of special import taxes, introduced from 1988 as temporary protection for sensitive domestic industries facing "intense foreign competition." GATT warns that this may prolong inefficient production and undermine further trade liberalization.

While it notes the doubling of Ghana's current account deficit, official grants included, to 4 per cent of gross domestic product between 1987 and 1990, GATT does not report any adverse impact of import liberalization on Ghana's economy. Commending Ghana's substantial achievements in trade reform, the report also warns that the reforms should not be jeopardized by efforts at regional integration. ■

## Threat to aid programmes in more donor countries

Even before Finland's announcement of a dramatic cut in its aid budget (see page 36), the Development Assistance Committee (DAC) of the Organization for Economic Cooperation and Development had warned about possible declines in key donor aid programmes as a result of fiscal constraints. Levels of aid allocations were already considered to be under threat in both Finland and the Netherlands, and further growth in Germany's aid was expected to be slight, according to DAC reviews conducted in February and March. With aid disbursements in 1990 of $2.6 bn, equivalent to 0.94 per cent of gross national product (GNP), the Netherlands was second only to Norway among DAC members. But DAC detected a recent trend for the Netherlands' aid ratio to decline slightly, due to budgetary constraints and growing use of the aid budget for purposes other than strictly defined official development assistance. Tentative figures for Finland in 1991 showed a 9 per cent increase over the previous year, but the country's exceptionally severe economic downturn was expected to bring future declines, a prediction that was soon confirmed. Germany, with 1990 aid allocations of $6.3 bn, was the fourth largest donor among the DAC countries. Following substantial aid increases in 1989 and 1990, further growth took place in 1991, the DAC review reported, but according to Germany's 1992-95 medium-term budget plan, "only small increases are envisaged."

**Citing official British figures**, the London-based international charity Christian Aid has noted that in 1990, for the first time, developing countries gave back to the United Kingdom more money (£2.4 bn) than they received in new loans, export credits, investment and official development assistance (ODA). UK aid fell an average of 0.2 per cent annually in real terms between 1984/85 and 1989/90, DAC figures show. And although the country still ranks sixth in terms of the net volume of aid disbursements, it is fourteenth when ranked by the ratio of ODA to GNP. According to official figures, between 1979 and 1990 UK contributions to key UN agencies declined considerably; they fell by 57 per cent in real terms to the UN Development Programme, by 44 per cent to UNICEF, and by 65 per cent to the UN Population Fund.

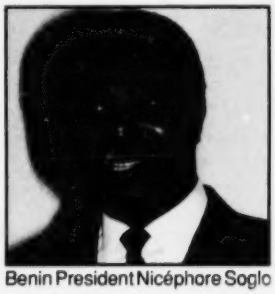
**Arab donor countries,** as a group, have remained the most generous contributors of aid, as a ratio of their GNPs, despite the decline in their oil earnings over most of the 1980s, notes a new study from the International Monetary Fund, *Financial Assistance from*

*Arab Countries and Arab Regional Institutions*. Reviewing Arab aid performance from 1973 to 1989, the study points out that even the group's low ratio of 0.84 in 1988 was significantly above the DAC average (which varied from 0.3 per cent to 0.38 per cent over the period). Of the $73.4 bn cumulative total of bilateral Arab aid between 1973 and 1989, Arab African countries received 20.7 per cent and other African countries about 7 per cent. The DAC's most recent *Development Cooperation* report notes that in 1990 aid from Arab sources more than quadrupled over the previous year, to $6.3 bn, with much of that amount provided to countries economically stricken by the Gulf crisis. North African countries, above all Egypt, received $2.7 bn of this amount, and sub-Saharan countries got $104 mn. ■

## GCA to assess political change in Africa

The Global Coalition for Africa (GCA) has commissioned a study on democratic transition in Africa. The report, which is due before the end of the year, is being carried out in conjunction with the Africa Leadership Forum, headed by former Nigerian head of state Olusegun Obasanjo. Governance and the democratic transition are priority areas for both organizations.

GCA officials say the report will look at the process of political change currently under way in some 22 African countries. The report will try to establish a relevant action framework for donors that would enable them to assist the institution-building needed to underpin the process.


Benin President Nicéphore Soglo

The GCA — which describes itself as a political forum in which senior African and donor officials can debate and discuss workable solutions for major African issues — has established a sub-committee to further its work on governance and democracy. Initially scheduled to meet in January, the committee, which is now under the joint chairmanship of Botswana's President Quett Masire and Benin's President Nicéphore Soglo, will hold its first meeting in Kampala on 3-4 May, immediately prior to the GCA's second Advisory Committee meeting on 8-9 May.

The GCA's working group on the sharing of experiences on economic reform, chaired by Ghana's Secretary for Finance and Economic Planning Kwesi Botchwey, will also hold its second meeting in early May. At its first meeting in Accra last December, the group decided that rather than becoming an "African lobby on structural adjustment," its goal would be to "deepen Africa's ownership of economic reform programmes" and reinforce efficient management of this process. The group aims to build a network of African expertise to help design and implement reform programmes, working closely with organizations such as the African Capacity Building Foundation and the UN's Department for Economic and Social Development. During last year's review of the UN's Africa programme the GCA had offered to monitor the New Agenda for the Development of Africa in the 1990s — adopted by the General Assembly in December — but its proposal was not explicitly taken up.

At the main Kampala meeting, GCA officials say discussions on military spending and the problems of demobilization and on the environment have been added to an already crowded agenda. In addition, coordination with the UN on the monitoring and reporting of African growth trends will be discussed. ■

## Giving priority to Africa's transport needs

Africa needs a total of $60 bn to finance 600 projects in the initial phase of the second UN Transport and Communications Decade in Africa programme (UNTACDA II), launched at the end of last year. African countries would be expected to provide 40 per cent of the financing, said participants at a donors' meeting for UNTACDA II held in Brussels last November. Users of transport and communications infrastructure should also pay more, it was agreed, to help mobilize resources for maintenance and new investment. Donors and African delegates argued that road maintenance should get top priority and agreed that greater efficiency in the transport sector could be achieved through more decentralization and more private sector involvement. They recommended that a forum on African transport and communications should be held every two years in order to review progress. ■

## Economic integration will lead to more jobs, ILO says

Jobs will become increasingly scarce in sub-Saharan Africa in the 1990s unless there is faster progress on economic integration, says the International Labour Organization (ILO) in its *African Employment Report 1990*. This is the surest path to job-creation, it argues, since the prospects for growth through either traditional commodity or new manufactured exports are bleak, and there is little promise offered by the mainly small, individual national markets.

The ILO's Jobs and Skills Programme for Africa (JASPA) report finds that women have been disproportionately vulnerable to the steep decline in formal employment in sub-Saharan Africa during the 1980s. While the number of women in wage employment rose rapidly after 1960, there have been indications since 1985 in many countries that both the total number of unemployed women and the proportion of women in total unemployment is rising. The reasons include retrenchment in sectors where women are concentrated at the lowest and most vulnerable levels — social services, banking, manufacturing — as well as to declining performance in the informal sector, particularly trading, which has become increasingly crowded as a result of widespread job-losses in the public sector.

According to current projections, the regional labour force will expand by an annual 3.3 per cent in the 1990s, while productive employment is set to grow by only 2.4 per cent. Urban unemployment is also likely to rise, from 18 to 31 per cent, with continued rural-urban migration. JASPA stresses that it is particularly urgent for sub-Saharan Africa to go beyond current adjustment policies and instead, give priority to job-creation, equity, and poverty alleviation so that the majority of people may participate in and reap the benefits from growth. ■

## Shortfall in vital data for development planning

Most African and developing country governments know little about how vital aspects of their people's lives change from one year to the next and they lack accurate data on the quality and scope of services available to the most vulnerable and marginalized groups. A recent report by the UN Research Institute for Social Development (UNRISD) also finds that most countries do not systematically collect even basic data on mortality, food consumption, access to clean water and health care. Where data on women exists, says UNRISD, it is often

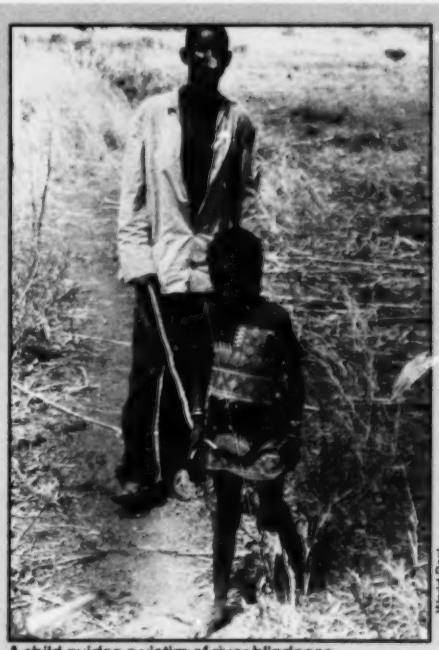
inaccurate due to gender-biased questions.

Despite a growing need for strong statistical services, economic crisis and austerity programmes have weakened developing country capacities, leading to crucial gaps in national planning and policy formulation, says the report, *Qualitative Indicators for Development Data: Current Concerns and Priorities*. An UNRISD experts meeting held in Morocco last year also found that financial and technical aid from donors to under-funded national statistical agencies tended to divert them to donor concerns, and from their primary job of producing and controlling statistics for national planning and development needs. ■

## Final phase of river-blindness battle

The international campaign to eliminate river-blindness (or onchocerciasis) in 11 West African countries entered its fourth and final phase in late February when 21 countries and agencies pledged $150 mn at a meeting in Washington. Begun in 1974, the Onchocerciasis Control Programme (OCP) has succeeded in protecting over 30 million people from the blackfly whose bite transmits the parasitic worms that cause river-blindness in Benin, Burkina Faso, Côte d'Ivoire, Ghana, Guinea, Guinea-Bissau, Mali, Niger, Senegal, Sierra Leone and Togo.

The programme has attacked the reproductive cycle of the blackfly by destroying its larvae through aerial spraying of breeding sites in fast-flowing rivers. This critical last phase of the OCP aims, through continued spraying and monitoring, to ensure lasting elimination of the parasites, which can live for 14 years in an infected person. Nine million children born since 1974 are now free from risk of contracting the disease, says the World Bank, which sponsors the OCP with the UN Development Programme (UNDP), Food and Agriculture Organization (FAO) and World Health Organization. Over 1.5 million people who had once been infected, have recovered with no traces of the parasite left. And some 25 million hectares of fertile land near rivers are being freed for resettlement and cultivation.



World Bank

A child guides a victim of river blindness.

In Ghana, for example, the government launched a resettlement programme in October 1991 for farmers and fishermen who had fled the fertile Volta River valley for higher plateau areas, *writes Samuel Sarpong in Accra*. The government's five-year plan combines infrastructural development with community participation in a primary health programme which incorporates the goals of the OCP. Three other easily diagnosed diseases endemic to the area yaws, leprosy and guinea worm are included in the localized OCP surveillance and control programme. By the end of 1991, the government had spent over 3.5 bn cedis on health and transport infrastructure to make the area more accessible. Related projects to increase livestock and crop production were also underway with UNDP and FAO assistance.

When the OCP started, the disease had blinded up to one in 10 people in some communities in Ghana's northern regions, and debilitated roughly one-third of the local population. The programme even had to be extended southward in 1986 into the Brong-Ahafo and Volta regions to prevent a return of the blackfly. The worst affected areas had 70-100 per cent of villagers carrying the parasites.

## Summit campaign for rural women

Wives of heads of state and government have called for new priorities in developing countries in order to raise incomes, productivity and self-sufficiency among rural women. By establishing a global committee to follow up on their Women's Summit on the Economic Advancement of Rural Women held in Geneva in February, the wives could "begin to tap a latent source of power for a better world order," said Mrs. Maryam Babangida of Nigeria, one of the organizing group of leaders' wives from Colombia, Egypt, Malaysia, Senegal and Turkey.

Pointing out that the burden of rural poverty fell most heavily on women, UN Secretary-General Boutros Boutros-Ghali told the conference it was essential "to ensure that women have access to modern production tools, credit and technology." Africa's food deficit could be eliminated with a 15 per cent rise in the productivity of rural women, who already produce some 70 per cent of sub-Saharan Africa's food, said Mr. Idriss Jazairy, president of the UN International Fund for Agricultural Development (IFAD) which helped organize the conference. Instead, he observed, poverty had increased by 48 per cent among rural women in the last two decades, compared to 30 per cent among rural men in all developing countries.

Although over 100 countries were represented, not all the 65 invited wives of national leaders came, and major donor countries such as Japan, France, Italy, Germany, UK and Canada were represented only by staff members of their missions in Geneva. ■

## IMF widens access to concessional facility

The International Monetary Fund (IMF) has added 11 countries to those already eligible to borrow from its enhanced structural adjustment facility (ESAF). African countries now able to borrow from the IMF's concessional facility are: Angola, Côte d'Ivoire, Egypt, Nigeria and Zimbabwe. With the exception of Angola, which is a recent member of the Fund, all the new African countries eligible for ESAF have experienced falling per capita incomes in recent years.

In February, the Fund had formally placed Zaire in a state of "non-cooperation" following its failure to take measures to correct escalating economic problems or to pay off arrears to the IMF, presently totalling some $130 mn. The decision puts Zaire closer to expulsion from the Fund. Another African country, however, has moved closer to resolving its arrears problems with the IMF. In March, Sierra Leone began a 'rights accumulation' programme with the IMF, which by February 1994 would mean the country will have acquired sufficient credits with the Fund to use as collateral to pay off its arrears, which presently stand at $120 mn. Zambia, the first country to have a 'rights' facility could soon restart its programme, after falling into non-compliance last year, officials say. ■

***CORRECTION:*** *In a photograph on page 21 of our last issue (Volume 5 Number 4) we wrongly identified one of the participants in the negotiating sessions of the New Agenda for Africa as Mr. Jeremie Ndayiziga of Burundi. It was in fact Mr. Melchiade Bukuru from the Burundian mission to the UN. We regret any embarrassment this may have caused.*

# AFRICA WATCH

FOREIGN AID

## Nordic aid cuts

Confirming fears of cutbacks and reorientation in aid from Nordic countries — traditionally among the most generous and flexible of Africa's donors — the Finnish government in April announced budgetary cuts which would reduce its ODA level from 0.7 per cent of GNP to about 0.4 per cent.

Changes in Nordic aid for Africa have been feared for some time because of severe budgetary pressures and the need to support economic reforms in Eastern Europe and the former Soviet Union. *Development Today* (DT), a fact-filled newsletter tracking Nordic assistance issues, reports that Sweden will reverse its traditionally liberal approach to conditions on its aid and now press for democratic and human rights. In the 1992 budget, newly-democratizing Zambia and Ethiopia will receive more aid, while countries governed by authoritarian regimes are slated for less.

At the same time, according to DT, the Swedish development agency, SIDA, is moving towards more whole-hearted support for IMF/World Bank-supported structural adjustment programmes. The newsletter also reports that some "UN agencies do not have a particularly sound reputation for efficiency among Swedish officials."

The Danish government has proposed to Parliament that the amount reserved for multilateral aid for 1992-96 be frozen at the 1991 level, which would shift the multilateral/bilateral aid ratio from 50/50 to 40/60. The Parliament, meanwhile, has criticized an allotment last year from the aid budget of some $3mn to the Soviet Union and Eastern Europe, DT says.

Norway, however, will maintain its 50/50 ratio, as well as its level of ODA, which at 1.1 per cent of GNP is the highest of any industrialized country. ■

POLITICS

## South Africa accelerates formal ties with Africa

South Africa's official rapprochement with the rest of Africa is accelerating even before the establishment of the multiracial interim government which the African National Congress (ANC) insists must be in place before formal ties can be renewed and remaining sanctions lifted. In early April, South Africa's President F. W. de Klerk paid a two-day visit to Nigeria, for talks with President Ibrahim Babangida, current chairman of the Organization of African Unity (OAU). Coinciding with this visit, Côte d'Ivoire announced that full diplomatic ties had been established with Pretoria.

The pace of high-level contacts between South Africa and other African countries has speeded up following the endorsement of President de Klerk's reform process in a whites-only referendum in March. In early April, African Development Bank (ADB) President Babacar Ndiaye paid a fact-finding visit to South Africa and high-level contacts with neighbouring countries have become more frequent as efforts mount to combat the drought sweeping the region (see page 3).

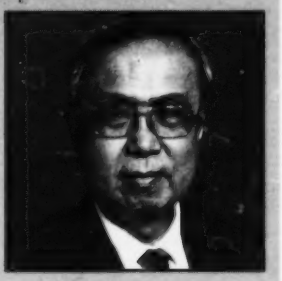
Zambia's President Frederick Chiluba has called for discussions on closer economic ties to begin, though other leaders, such as Uganda's President Yoweri Museveni, have counselled caution. The OAU is not expected to make any formal moves to admit South Africa until an interim government is in place. OAU recognition would open the door to South African membership of ADB. It could also give the green light for other agencies, such as the World Bank, to put into operation their own, at present tentative, programmes for the country. The UN Development Programme has already organized an informal meeting on technical assistance, at which the possibility of a donors' conference for 1993 was discussed. ■

## Key people for Africa in UN reforms

Appointments of importance to Africa have recently been made at the UN. In a major restructuring of development activities, Mr. Chaozhu Ji of China, has been named to head the new Department of Economic and Social Development (DESD). He was formerly Under-Secretary-General in the Department of Technical Cooperation for Development (DTCD). DESD incorporates the former Departments of International Economic and Social Affairs (DIESA), International Economic Cooperation (DIEC), and DTCD; the Centre for Transnational Corporations (CTC); and the Centre for Science and Technology for Development. Mr. Ahmedou Ould Abdallah, formerly special coordinator for new and renewable energy resources in DIEC, is now coordinating work in the new DESD on Africa and the least developed countries (LDCs).

Secretary-General Boutros Boutros-Ghali has also created a new Office to coordinate all UN emergency relief activities, including current operations in the Horn of Africa and in Angola. He appointed Mr. Jan Eliasson, Sweden's Permanent Representative to the UN since 1988, as the new Emergency Relief Coordinator. Under-Secretary-General Eliasson will manage a $50 mn central emergency revolving fund for quick and coordinated response by UN organizations to complex emergencies.

Under-Secretary-General James Jonah continues to work on political questions in Africa in the wider brief given to him by the UN Secretary-General as one of two Under-Secretaries-General in the newly-created Political Affairs Department.



*Mr. Chaozhu Ji (above), head of the UN development department, and Mr. Jan Eliasson (below), the Emergency Relief Coordinator.*

FINANCE

## Ghana stops IMF borrowing

After nine years of borrowing, Ghana has told the International Monetary Fund (IMF) that it will not require further financing for its balance of payments. Ghana's decision to voluntarily stop borrowing from the IMF is relatively rare in sub-Saharan Africa, where most countries continue to face acute financing problems. The government, however, has asked the Fund to continue to monitor progress under its present economic reform programme, due to end in 1994. In his January budget, Secretary for Finance and Economic Planning Kwesi Botchwey announced a significant improvement in Ghana's external payments position. The overall balance of payments surplus rose to $130 mn in 1991 from $85 mn in 1990. The surplus is projected to rise to $140 mn in 1992.

Since its adjustment programme began in early 1983, Ghana has borrowed some $1.64 bn from the IMF. In 1990, drawings from the Fund fell to $65 mn from an average of $180 mn in each of the preceding three years. Since 1986, however, repayments to the Fund have been larger than new disbursements. ■